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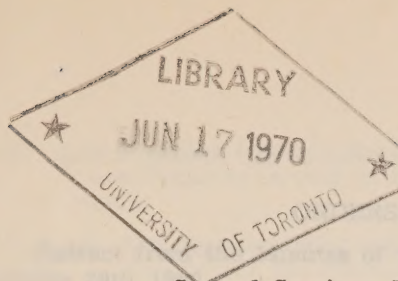
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Second Session—Twenty-eighth Parliament

1969-70

# THE SENATE OF CANADA

## PROCEEDINGS

OF THE

SPECIAL SENATE COMMITTEE

ON

# MASS MEDIA

The Honourable KEITH DAVEY, *Chairman*

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No. 22

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THURSDAY, FEBRUARY 19, 1970

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### WITNESSES:

*Time*: Mr. Stephen R. LaRue, Vice-President and Managing Director, Time International of Canada, Limited; Mr. John M. Scott, Editor, TIME (Canada); Mr. Deane D. Raley, Jr., Printing Planning Manager, Corporate Products, Time Incorporated, New York, N.Y., U.S.A.

*Actualité*: Mr. Simon Bédard, Vice-President and General Manager, Magazine Actualité, Inc.; Mr. Jean-Louis Brouillé, Editor-in-Chief; Mr. Grégoire Ewing, Director of Public Relations.

*Magazine Advertising Bureau*: Mr. John Crosbie, President.

*Sept-Jours*: Mr. Robert Allard, President, Sept-Jours, Inc.

*Toronto Life*: Mr. Preston Balmer, Vice-President; Mr. James Knox, Business Manager.

THE SENATE OF CANADA

PROCEEDINGS

MEMBERS OF THE

SPECIAL SENATE COMMITTEE ON MASS MEDIA

The Honourable Keith Davey, *Chairman*

The Honourable L. P. Beaubien, *Deputy Chairman*

Beaubien,  
Bourque,  
Davey,  
Everett,  
Hays,  
Kinneear,  
Langlois,  
Macdonald (*Cape Breton*),

McElman,  
Petten,  
Phillips (*Prince*),  
Prowse,  
Quart,  
Smith,  
Sparrow,  
Welch.

(16 members)



## ORDERS OF REFERENCE

Extract from the Minutes of the Proceedings of the Senate, Wednesday, October 29th, 1969.

With leave of the Senate,

The Honourable Senator Davey moved, seconded by the Honourable Senator Lang:

That a Special Committee of the Senate be appointed to consider and report upon the ownership and control of the major means of mass public communication in Canada, in particular, and without restricting the generality of the foregoing, to examine and report upon the extent and nature of their impact and influence on the Canadian public, to be known as the Special Committee of the Senate on Mass Media;

That the Committee have power to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of the inquiry;

That the Committee have power to send for persons, papers and records, to examine witnesses, to report from time to time and to print such papers and evidence from day to day as may be ordered by the Committee;

That the Committee have power to sit during adjournments of the Senate and that Rule 76(4) be suspended in relation to this Special Committee from 9th to 18th December, 1969, both inclusive, and the Committee have power to sit during sittings of the Senate for that period;

That the papers and evidence received and taken on the subject in the preceding session be referred to the Committee; and

That the Committee be composed of the Honourable Senators Beau-bien, Davey, Everett, Giguère, Hays, Irvine, Langlois, Macdonald (*Cape Breton*), McElman, Petten, Prowse, Sparrow, Urquhart, White and Willis.

After debate, and—

The question being put on the motion, it was—

Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Thursday, November 6th, 1969.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Smith:

That the names of the Honourable Senators Giguère and Urquhart be removed from the list of Senators serving on the Special Committee of the Senate on Mass Media; and

That the names of the Honourable Senators Bourque, Smith and Welch be added to the list of Senators serving on the said Special Committee.

The question being put on the motion, it was—

Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Friday, December 19th, 1969.

"With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Langlois:

That the names of the Honourable Senators Bélisle and Phillips (Prince) be substituted for those of the Honourable Senators Welch and White on the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—  
Resolved in the affirmative."

Extract from the Minutes of the Proceedings of the Senate, Tuesday, February 3, 1970.

"With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Langlois:

That Rule 76 (4) be suspended in relation to the Special Committee of the Senate on Mass Media from 10th to 19th February, 1970, both inclusive, and that the Committee have power to sit during sittings of the Senate for that period.

After debate, and—

The question being put on the motion, it was—  
Resolved in the affirmative."

Extract from the Minutes of the Proceedings of the Senate, Thursday, February 5, 1970.

"With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Haig:

That the names of the Honourable Senators Quart and Welch be substituted for those of the Honourable Senators Bélisle and Willis on the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—  
Resolved in the affirmative."

Extract from the Minutes of the Proceedings of the Senate, Tuesday, February 17, 1970.

"With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Connolly (Halifax North):

That the name of the Honourable Senator Kinnear be added to the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—  
Resolved in the affirmative.”

Robert Fortier,  
*Clerk of the Senate.*





## MINUTES OF PROCEEDINGS

TUESDAY, February 19, 1970.  
(22)

Pursuant to adjournment and notice the Special Senate Committee on Mass Media met this day at 10.00 a.m.

*Present:* The Honourable Senators: Davey (*Chairman*); Beaubien, Kinnear, Macdonald (*Cape Breton*), McElman, Petten, Prowse, Quart, Smith and Sparrow. (10)

*In attendance:* Miss Marianne Barrie, Director and Administrator; Mr. Borden Spears, Executive Consultant.

The following witnesses were heard:

Mr. Stephen S. LaRue, Vice-President and Managing Director, Time International of Canada, Limited;

Mr. John M. Scott, Editor, *TIME (Canada)*;

Mr. Deane D. Raley, Jr., Printing Planning Manager, Corporate Products, Time Incorporated, New York, N.Y., U.S.A.

At 1.00 p.m. the Committee adjourned to 2.30 p.m.

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At 2.30 p.m. the Committee resumed.

*Present:* The Honourable Senators: Davey (*Chairman*); Beaubien, Everett, Kinnear, McElman, Petten, Prowse, Quart and Smith. (9)

*In attendance:* Miss Marianne Barrie, Director and Administrator; Mr. Borden Spears, Executive Consultant; Mr. Yves Fortier, Counsel.

The following witnesses were heard:

Mr. Simon Bédard, Vice-President and General Manager, Magazine Actualité, Inc.;

Mr. Jean-Louis Brouillé, Editor-in-Chief, Actualité;

Mr. Grégoire Ewing, Director of Public Relations, Actualité;

Mr. John Crosbie, President, Magazine Advertising Bureau;

Mr. Robert Allard, President, *Sept-Jours*, Inc.

At 5.50 p.m. the Committee adjourned to 8.00 p.m.

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At 8.00 p.m. the Committee resumed.

*Present:* The Honourable Senators: Davey (*Chairman*); Macdonald (*Cape Breton*), McElman, Petten and Prowse. (5)

*In attendance:* Miss Marianne Barrie, Director and Administrator; Mr. Borden Spears, Executive Consultant; Miss Nicola Kendall, Research Director; Mr. Yves Fortier, Counsel.

The following witnesses, representing *Toronto Life*, were heard:

Mr. Preston Balmer, Vice-President;

Mr. James Knox, Business Manager.

At 9.35 p.m. the Committee adjourned to Tuesday, February 24, 1970,  
at 10.00 a.m.

ATTEST.

Denis Bouffard,  
*Clerk of the Committee.*



## SPECIAL SENATE COMMITTEE ON MASS MEDIA

### EVIDENCE

Ottawa, Thursday, February 19, 1970

The Special Senate Committee on Mass Media met this day at 10 a.m.

**Senator Keith Davey** (*Chairman*) in the Chair.

**The Chairman:** Honourable Senators, if I may call this session to order and begin by making just one or two announcements, I would like to repeat the announcement that I made earlier this week about tomorrow's schedule, that because of the illness of Mr. Zimmerman, the President of Reader's Digest Association Canada Limited it will be necessary to postpone that hearing. We have not yet rescheduled the *Reader's Digest* hearing but of course they will be still appearing before the committee, but I am not able at this point to confirm the time. As you know, Mr. Goodis who was also to appear tomorrow appeared yesterday morning, so there are no sessions tomorrow.

For the balance of today, that is following the *Time* brief this morning, you should be reminded that at 2.30 p.m. we will receive a brief from *Actualité* and at four o'clock from *Sept Jours*, and tonight at eight o'clock a brief from *Toronto Life*. The meeting this evening at nine o'clock with Mr. Dalton Camp has been postponed until four o'clock on Wednesday, March 4.

May I also remind senators that the committee is meeting next Tuesday, February 24, at 10 o'clock.

This morning we are going to receive the submission from Time International Canada Limited. With me seated on my immediate right is Mr. Stephen S. LaRue, Vice President and Managing Director of *Time (Canada)*. On my immediate left is Mr. John M. Scott, the Editor of *Time (Canada)*, and sitting on Mr. Scott's left is Mr. Deane D. Raley, Jr., Printing and Planning Manager, Corporate Products, Time Incorporated.

Mr. Raley, Jr., is from Time Incorporated and our other two witnesses are from Time International Canada Limited.

Mr. LaRue, the brief that we requested in the guidelines was received in lots of time and has been circulated to the senators and presumably studied by them. We would now like to put about 15 minutes or so at your disposal to comment on the brief, to explain it, to review it, to expand upon it, to add to it or take away from it, or anything else you may wish to do. Following that the Senators would like to question you on the contents of your brief, on your oral comments or on other matters which may interest them. I am sure some of our questions will be directed at both Mr. Scott and Mr. Raley, and in turn if you wish to direct questions to them, by all means feel free to do so.

Welcome, we are delighted you are here, Mr. LaRue.

**Mr. Stephen S. LaRue, Vice President and Managing Director, Time International Canada Limited:** Thank you, Mr. Chairman.

Honourable Senators and ladies and gentlemen, my remarks at the opening will be brief. I simply want to say amongst other things that we frankly are surprised and naturally intrigued that during the committee's sessions this week which we have naturally attended, so much of the committee's time has been devoted to the questioning of witnesses from other publishing firms on the subject of *Time (Canada)*. The central fact underlined, as well as now know, has been *Time's* editorial and business success in Canada.

We believe that *Time* has grown in Canada and occupies the position it does because *Time* has had for many years an essential fact about it. That is, a wide, loyal readership in this country. We believe that we serve that readership well. Any business success, any advertising success which we have attained has been the direct result of *Time's* dynamic relationship with its readers here. I find it an interesting coincidence that we have been scheduled to appear this morning on Senator Grattan O'Leary's birthday. It occurs to me that at another time he would have liked nothing better than to present on this memorable occasion our heads on a platter. However,

I am grateful to him that he hasn't so far, and I am also grateful to him because during his own very eloquent time here before the committee he pointed out what I consider again to be the essential factor in the success of any magazine, indeed probably any newspaper. That, of course, is reader acceptance.

Gentlemen, you have our brief and we think it speaks for itself. We tried to include information in the brief pertinent to our operations following the guideline questions which were received several months ago. There is one area, however, of information which I frankly consider myself, and I think John Scott would agree with me for himself, we are incompetent. That is the subject of where technology is leading the print media, where it is leading *Time* and where it is leading other magazines. For that reason, we have invited Deane Raley from Time Incorporated in New York City who, as the chairman has said, is Time Incorporated's Printing and Planning Manager, to sit with us today and entertain any questions that you may have about what the future may hold.

Senators, I suspect you have one or two additional questions to ask us and we will do our best to answer them in all candor.

Thank you very much.

**The Chairman:** Thank you very much Mr. LaRue. A special word of welcome to you Mr. Raley and it may well be that there will be questions directed to you. I would like to begin the questioning this morning, Mr. LaRue with Mr. Fortier.

**Mr. Fortier:** Mr. LaRue, Richard Pollak writing in Harper's some months ago—an article entitled "Time After Luce" which you have probably read concluded as follows:

"Marginal First-quarter losses, of course, do not necessarily portend bankruptcy."

He was, of course, referring to Time Incorporated.

"But they do tend to make half-billion dollar corporations edgy. And along with all the mundane, immediate problems, there is always McLuhan and his electric circuitry. Are print culture's hot linear days numbered? Will post-industrial post-Chicago man be post-literate as well? Already television has put its cool whammy on Life. Who'll be next? In another ten years (five years?) will anyone want to read the newsmagazines? Or any other kind of magazine? Or newspapers?"

Would you care to comment on that?

**Mr. LaRue:** Well, first of all on the first quarter figures of last year, which he referred to in the article, historically the first quarter of every year for any publication is the worst quarter of all. You have to pay your bills for the year and receipts for advertising and circulation revenues are low.

The second quarter is usually one of the two best quarters and the third quarter is low again because advertising falls off in the summer and the fourth quarter picks up again. You have to look at the whole picture.

**Mr. Fortier:** Well, looking at the whole year?

**Mr. LaRue:** The first quarter in 1970 will be down again probably for the corporation and we will know later today when the Board of Directors announces last year's complete financial figures and tables the financial information.

**Mr. Fortier:** Well, we will come back to that after.

**Mr. LaRue:** However, his gloomy observation that the future holds nothing but problems for us, and perhaps that *Time's* magazine group may be in trouble is very erroneous.

**Mr. Fortier:** I am sorry, what?

**Mr. LaRue:** Very erroneous. The impression one receives from that is erroneous. *Life* magazine is the biggest publishing enterprise that has ever been created and I can give you estimation—it may be slightly inaccurate, but not terribly inaccurate—that *Life* will generate some revenue—some \$180 million in 1969. That is a long way from going broke.

*Time* magazine, the second largest of all magazines in advertising and circulation revenues, will be ahead of the year before.

*Sports Illustrated* is very healthy and so is *Fortune*.

**Mr. Fortier:** Are you saying that based on the whole year's figures, which will be announced as you say this afternoon, but based on the first three-quarters, let us say, there was a dip in earnings...

**Mr. LaRue:** The fourth quarter picked up. It is not going to be the greatest year that Time Incorporated has ever had in its magazine division, but it may be the third best.

**Mr. Fortier:** Well, the point I am trying to get at is that all was not as well as it could have been...

**Mr. LaRue:** Right.

**Mr. Fortier:** ...at head office with *Time* magazine in 1969. Would that be a fair statement?

**Mr. LaRue:** Yes.

**Mr. Fortier:** There have been better years?

**Mr. LaRue:** Yes, we have had a lot of problems that we have had to deal with. We had management changes which reflect the new vigour, I think, in assessing our whole operations at Time Incorporated.

**Mr. Fortier:** But profits are not what they have been?

**Mr. LaRue:** Profits have not been what they have been.

**Mr. Fortier:** Now, testifying before the O'Leary Commission back in 1961 Henry Luce had this to say about the profitability of magazines and I quote:

"The question of profit depends on management."

What is wrong with *Time's* management in New York?

**The Chairman:** Anything you say is privileged.

**Mr. LaRue:** In the last six months we have appointed a new president, three new executive vice presidents, five new publishers, one new editor and we will see about Canada's managing director after this session. There is a re-organization in the company, not because of the failures of the past, but I think because of the problems inherent in the opportunities we have in the future. The magazine field is changing at a rapid rate and magazines themselves are changing. We have heard all this week about the intangible aspect of publishing and editing magazines and *Time* itself is changing. If you are a reader of *Time* you will probably notice. We have new departments, new treatments of the cover, new language, and so on. There is a dynamic operation which is trying to take advantage of the contemporary scene as it has always in the past and it is one which is not unhealthy.

**Mr. Fortier:** These changes in management. How are they affecting your Canadian operations? It is quite clear, as you yourself said,

editorially and businesswise *Time* in Canada has been a success.

**Mr. LaRue:** Yes.

**Mr. Fortier:** Circulation has grown since 1960 from 215,000 to 430,000 and your advertising has more than doubled. How has *Time* (Canada) managed to perform so well on paper where the rest of the magazine industry in Canada—again, it is a matter of record—has not been doing so well and indeed the magazine industry in the United States as you have just said has been going through some serious pains. Why this privileged position which you seem to enjoy here in Canada?

**Mr. LaRue:** I think it is the uniqueness of the magazine, but I don't think you can generalize about the magazine industry either here or in the United States. I think you have to talk about individual magazines which is one of the fine things I think you are doing in this committee. Talking to the individuals and having them discuss their problems and opportunities with you as individual editors and publishers.

**Mr. Fortier:** Speaking of your magazine?

**Mr. LaRue:** There are unique qualities necessary to each magazine to live. It doesn't live, if it isn't unique and if it can't deliver to its audience something that nobody else can—an extra dimension, if you will.

**Mr. Fortier:** You will agree with me that you have to look at the overall picture?

**Mr. LaRue:** *Time's* success over the years on a world-wide basis has been not unlike *Time's* success in Canada. The U.S. edition, for example, has doubled its advertising revenues and its circulation has almost doubled. The *Time* Atlantic edition has quadrupled its advertising revenue, the *Time* Pacific edition has trebled their advertising revenue, and even *Time* (Latin America) a market which everyone agrees is perhaps not the healthiest in the world—certainly one of the more mixed—has increased its advertising revenue by 75 per cent. *Time* (Canada), while it is a success in Canada, is part of an international network edition of *Time*.

**Mr. Fortier:** How much of *Time's* success in Canada is attributable to the fact that it belongs to this great big family?

**Mr. LaRue:** Oh, a great deal. *Time's* success anywhere, I think, is relative to what the editorial idea has been and continues to be.



**Mr. Fortier:** And given this editorial idea of the mother magazine and all the little offsprings, is it possible, Mr. LaRue, for a merely Canadian magazine to compete on even terms with yours in Canada?

**Mr. LaRue:** I think they are, yes.

**Mr. Fortier:** You think they are?

**Mr. LaRue:** Yes. I think we are seeing changes—you have heard from *Maclean's*, and *Chatelaine* which are healthy magazines and *Saturday Night* is struggling, but I think *Saturday Night* editorially, personally, is doing a much better job with Mr. Fulford. If you mean because of our great strength and the result of what *Time* is and as part of this *Time* world-wide magazine, we are enjoining the magazines here in Canada and are a destructive force, I would say no. I wouldn't be sitting here if that were true.

**Mr. Fortier:** Well...

**The Chairman:** May I just ask a supplementary question. Is it your contention then, Mr. LaRue, that the magazine industry in Canada, setting *Time* aside, is in a healthy condition?

**Mr. LaRue:** I think it is in a growth position which is somewhat less than other media.

**The Chairman:** Now, can I ask you this?

**Mr. LaRue:** I don't think it is unhealthy.

**The Chairman:** Would you agree with the contention put to us by a number of Canadian magazine publishers that the Canadian magazine publishing industry would disappear if the exemption which you presently enjoy were removed? Most of them have said that if the exemption that *Time* enjoys were removed, we would be out of business. Now, if the industry is healthy, can that be true?

**Mr. LaRue:** Well, I think as a major part of the industry, actually we generate advertising. Other magazines generate advertising too, that goes into the others and if you look at the back covers of *Chatelaine*, and *Maclean's* and *Time* this week you will see Rothman's cigarettes advertised. I think in combination we add strength to one another. *Time*, at this point the largest generator advertising revenue among the magazines in Canada, perhaps has somewhat of a downward affect, but *Chatelaine* is comparable...

**The Chairman:** Well, let me ask you the specific question. Could the Canadian magazine industry survive without the Canadian edition of *Time*?

**Mr. LaRue:** I think so.

**The Chairman:** You disagree then with the other publishers of Canadian magazines?

**Mr. LaRue:** Yes.

**The Chairman:** Why do you think they feel the way they do? That is perhaps a difficult question and it may be an unfair question.

**Mr. LaRue:** Well, it is hard to answer for them but to assume that one magazine, even though it is sizable in the advertising revenue that it generates, is the whole ball of wax and that because of *Time* the others exist is something that I really...

**The Chairman:** Well, just so that we can get this point down, you are suggesting that if the exemption which *Time* presently enjoys, and I am sure we will be talking about, were removed, you don't think it would matter to the balance of the Canadian magazine industry?

**Mr. LaRue:** Well, I think it would be affected, yes.

**The Chairman:** But they wouldn't disappear?

**Mr. LaRue:** I don't think it would be a terminal situation.

**The Chairman:** Thank you. Mr. Fortier?

**Mr. Fortier:** One aspect of this unfair competition argument is the cost to *Time* (Canada) of 85 or 90 per cent of the magazine's editorial content. You are competing here in Canada with magazines that pay 100 cents on the dollar for their editorial content. In the O'Leary Report in 1961, page 98, Commissioner Johnson had this to say:

"The publications of which *Reader's Digest* is the outstanding example also (like *Time*) have an editorial advantage over Canadian publications in that their extraordinarily expensive material is available to all subsidiary publications at a fraction of their original cost."

Earlier, at page 39, it had been said that an estimate is that *Time* of Canada pays to its parent company less than 2 per cent of the actual cost of the editorial material thus

coming to it. Now, first of all, do you agree with that estimate—was that a valid estimate back in 1961?

**Mr. LaRue:** I think it is low.

**Mr. Fortier:** You think it is low?

**Mr. LaRue:** You are talking about the editorial fee which we pay to our parent?

**Mr. Fortier:** Yes.

**Mr. LaRue:** This is a contract we had between Time Incorporated and Time Canada.

**Mr. Fortier:** Yes, the whole category.

**Mr. LaRue:** This is a fee arrived at with national revenue which they consider to be fair and reasonable. The fee could be higher, I suppose, but that would be a net loss to Canada because the fee would go to our parent in the United States.

**Mr. Fortier:** Do you negotiate this fee?

**Mr. LaRue:** Yes. It has been agreed upon.

**Mr. Fortier:** On a year-to-year basis?

**Mr. LaRue:** It is accepted by National Revenue, yes. However, there is another element to it. The editorial cost of *Time (Canada)* is not entirely, by any means, the fee that we pay to our parent for the privilege to reproduce material which has been created in the U.S. The Canadian editorial staff, some 30 people—and what we have tried to explain here in the brief—is a substantial sum added to the fee, and the percentage which you were referring to is not too much out of line with what *Time* magazine produced editorially in magazines all around the world.

What we do here in Canada, and what we pay for here in Canada in producing the Canada section every week, is an essential part of our editorial cost picture. The fee, probably is an arbitrary fee, if you want to look at it that way. It is arrived at with the Canadian Government.

**Mr. Fortier:** You say arbitrary though it may be it is not unreal?

**Mr. LaRue:** It is not related to circulation.

**Mr. Fortier:** Well, it is not based on pro rata circulation.

**Mr. LaRue:** No. It doesn't slide up and down. It is a fixed fee.

**Mr. Fortier:** How much higher would that fee be if it was rated on a pro rata circulation basis?

**Mr. LaRue:** I couldn't tell you exactly.

**Mr. Fortier:** Percentagewise?

**Mr. LaRue:** It could be double.

**Mr. Fortier:** Isn't it tantamount to a form of dumping from the point of view of your competing with Canadian magazines here in Canada?

**Mr. LaRue:** Well, it depends on your definition of dumping.

**Mr. Fortier:** Well, I am not using it in the legal definition, but I am thinking of just the every day connotation of that word.

**Mr. LaRue:** All right. The purpose of dumping—this is just one hump of the camel. What you pay for the importation of this material and what we are charged in the form of a fee by our parent—the rest of it is what do you do with the product after you bring it in at this cost? The purpose of dumping, as I understand it with international trade, is to undersell a foreign market on the part of the competitors a product produced in a home market. We do not undersell our competitors. Our advertising rates are at least comparable to other Canadian publications. The price we charge our subscribers is comparable to what it is in the United States and higher than most Canadian annual subscription rates. Our news stand rate is also at a level.

**Mr. Fortier:** I grant you these points and I am glad you made them, but surely you will have to agree that where—let us take *Saturday Night* is paying full value for its editorial content—100 cents on the dollar as I said earlier—and you are offering at the same price—and with advertising offered at the same rates—you are offering a product which editorially is obtained by the Canadian subsidiary at less than the realistic figure, you are not competing fairly with *Saturday Night*. It seems to me this is evident.

**Mr. LaRue:** Well, I don't think you can restrict it entirely to that. In my point of view I think you have to take into consideration the total editorial cost of *Time (Canada)*.

**Mr. Fortier:** Have you ever considered paying full price for the editorial content? I realize this would mean a loss in tax revenues...

**Mr. LaRue:** Well, why renegotiate it? I don't see the benefit, the advantage competitionwise in Canada which you expressed or...

**Mr. Fortier:** Well, Mr. LaRue, you say why do it?

**Mr. LaRue:** Yes.

**Mr. Fortier:** Tell me, was this made one of the conditions for the exemption seven years ago?

**Mr. LaRue:** Not that I know of. One of the conditions seven years ago?

**Mr. Fortier:** In other words it is saying "We will exempt you from section 12A of the Income Tax Act—you and *Reader's Digest*—but let's make sure you pay a reasonable amount in taxes."

**Mr. LaRue:** Well, the only thing I know of that was in that tax law was that we were printing and publishing here before April of 1965 and the law, I believe, was passed in late June.

**Mr. Fortier:** You didn't participate in those discussions, did you?

**Mr. LaRue:** No, I was not here then.

**Mr. Fortier:** The fee paid to head office has increased substantially on the other hand since 1962?

**Mr. LaRue:** It is tied to circulation.

**Mr. Fortier:** Pardon?

**Mr. LaRue:** It is tied to circulation.

**Mr. Fortier:** That's right. Do you know as compared with the fee paid by other subsidiaries of *Time*—excuse me, *Time International*—what percentage of the revenues at head office are represented by the fee which your Canadian company pays to New York?

**Mr. LaRue:** It would be similar.

**Mr. Fortier:** Sorry?

**Mr. LaRue:** It would be similar.

**Mr. Fortier:** It would.

**Mr. LaRue:** Yes.

**Mr. Fortier:** Again in 1960 Mr. Henry Luce appearing before the O'Leary Commission had this to say about *Time*. I would like for you to comment on this.

"There was some trouble here about Canadianism. I may be in some disagreement with my colleagues. You said, sir, you wanted to be very plain. I do not consider *Time* a Canadian magazine.

THE CHAIRMAN: You don't consider it a Canadian Magazine?

MR. LUCE: I don't consider it a Canadian magazine."

Would you comment on that, please?

**Mr. LaRue:** Well, it is an American magazine produced in the United States basically with added Canadian content here. We are in the Canadian business community, we are in the Canadian journalistic community, and that is my answer. *Time* of Canada is part of *Time* world-wide and it is a wholly owned subsidiary of an American company. The editorial direction which we have tried to explain here and which was discussed perhaps we could expand upon—the overall editorial direction of *Time* rests with Henry Grunwald who is the editor-in-chief of *Time* magazine, while the Canada section editorial responsibility falls to Mr. John Scott. *Time* is a world-wide news magazine, based in the United States with editions around the world and one very unique edition among them all here in Canada. They produce, generate, and create special editorial material for the country. Does that answer your question, Mr. Fortier?

**Mr. Fortier:** Not completely. I think I will ask the same question of Mr. Scott.

**The Chairman:** Well, would you like to say anything more? He says it doesn't answer it completely.

**Mr. Fortier:** No, I received the business answer and now I would like the editorial answer.

**The Chairman:** Well, I would like to ask a direct question and it is this. Do you think *Time* is a Canadian magazine?

**Mr. LaRue:** It is an American magazine.

**Mr. John M. Scott, Editor, Time International of Canada Ltd.:** Well, I am not about to disagree with that because Mr. LaRue has just said it, but it seems to me that it would be a shame for us to go off the track. I think this possibly comes up because Senator O'Leary who was posing the questions to Mr. Luce, which you have just read, did say here the other day—he used the phrase "Canadian magazine" to describe us. Historically this



was interesting because that was a rather climatic moment of the O'Leary hearings. I don't think the comment of the other day changes matters. We are not a Canadian magazine.

**Mr. Fortier:** Mr. Scott, what do you try to do in the Canadian pages from week to week mainly?

**Mr. Scott:** Well, we attempted to describe the process in the brief...

**Mr. Fortier:** Yes.

**Mr. Scott:** The animus is to report what we consider to be the facts, the significant events of the week considering that there is the responsibility to interpret parts of the developing scenes, regionally divided and to report each part to the other. If you want the mechanics of how we do it, I think that is in the brief.

**Mr. Fortier:** Yes it is and I am certainly not going to question you on the mechanics aspect. I am interested in hearing you, however, on the degree of responsibility which you have over editorial matters which is covered in paragraphs 76 and 77 of your brief. You say in paragraph 77:

"What is published in the pages of the Canada section is as the result of his leadership..."

That is your leadership.

"...of *Time* Canada's writers, researchers and correspondents. He"—John Scott—derives his authority from, and is responsible to, the managing editor of *Time*."

What is the extent of this dependence on the managing editor of *Time* who sits in New York?

**Mr. Scott:** Well, I think I had better talk about it if I may for a minute or two.

**Mr. Fortier:** Fine.

**Mr. Scott:** The managing editor is ultimately responsible for everything that appears in the magazine. He is the boss; this is his charge and his authority. I don't want to sound like an uppity Canadian but for practical purposes the final editing of the Canadian material is done in Montreal by me with my staff. Now, that is to say that we are responsible for the selection of stories, their tone, and for what they say. Now, we rely on the staff in New York for as much highly professional

assistance as we feel we need, and we attempt to co-ordinate what appears in the Canadian section with the material that appears in the rest of the magazine. We draw on the services which are available to us such as the maps department. We do not have a cartographer, for example, in Montreal. The map of the Northwest Territories that is in the brief was done with a great deal of back and forth words between us. We draw, of course, from the library in New York City.

As part of this co-ordinating process as the editorial week develops, we send our stories when we have them ready to one of the assistant managing editors in New York, who reads through our material as he is also reading the stories which are being prepared by the Environment section or Behaviour section or Press section. Occasionally, we have a little bit of jiving to do and cross-references to put in. We might be discussing the DDT situation in Canada and the Science section may have a fairly elaborate description of the process which we would then not need to duplicate in the Canadian pages.

We also receive those stories, and this is all being done under the tent of the managing editor's authority. In the end the responsibilities for attempting to be sure that the Canadian material that appears in the U.S. edition in the general run of the magazine is sensitive to the Canadian context and that is part of our function in Montreal.

Of course, the real function is to produce the Canadian section. As I say, for practical purposes that is our function. Does that help?

**Mr. Fortier:** Yes it does. Has it ever happened that you have had some stories killed, as they say in the trade, by the managing editor? Stories suggested by the Canadian bureau?

**Mr. Scott:** Well, I can remember...

**Mr. Fortier:** Not bureau but company.

**Mr. Scott:** Well, I can remember one occasion when we attempted to explain some of the theories of Marshall McLuhan and I think the managing editor of *Time* is one of the few people in the world who possibly does track McLuhan very well. He didn't like it so he suggested that perhaps this wasn't as well done as it should be. Have there been any interferences with regards to policy?

**Mr. Fortier:** Well, that is what I am trying to get at.



**Mr. Scott:** Well, I cannot recall in the eight years any instances of that.

**Mr. Fortier:** Would you also say, as *Maclean's* magazine said in their brief yesterday, that you, in so far as the Canadian section is concerned, are for and about Canada?

**Mr. Scott:** Yes.

**Mr. Fortier:** Or for and about North America?

**Mr. Scott:** Well, in the Canadian section we are for and about Canada. Obviously we are discussing in many instances North American situations and Canadian problems in the North American context. The CRTC opposed regulations on Canadian content, for example. And almost every week we are doing things from the Canadian point of view.

**Mr. Fortier:** Maybe this question should be directed to Mr. LaRue. In exchange for this privilege which you now enjoy with *Reader's Digest* in Canada, have you ever considered it a responsibility of *Time (Canada)* to convince the mother house that the American edition of *Time* should explain to its readers in the United States what Canada is all about. Have you tried to balance the privilege which you enjoy here with a certain responsibility that *Time (International)* could conceivably have in the States to explain Canada to its readers?

**Mr. LaRue:** I would like to redirect that if I may Mr. Fortier, to Mr. Scott. I think that is really his province.

**Mr. Scott:** Well, I think there are quite a few things I could say about that but I don't want this to appear unsympathetic. In terms in which you suggest as a return favour for a position which we have in Canada, we should introduce some other element than standards of what is newsworthy in deciding what we should have in the rest of the magazine—I would have to reject that. I would say that the stories about Canada, that we carry in the United States edition in the general run of the magazine, must be judged on their intrinsic merit as stories. On the other hand, because we are here and because on a regular basis we have more correspondents in Canada than in any other country of the world outside of the United States, I think as a natural by-product of this, there are more suggestions and stories to the general run of the magazine which come from Canada and more of these stories, therefore, get into the magazine.

**Mr. Fortier:** As editor, you don't consider it one of your functions to try and get some more Canadian content into the U.S. edition?

**Mr. Scott:** Oh, yes.

**Mr. Fortier:** You do?

**Mr. Scott:** Sure.

**Mr. Fortier:** Is this concern of yours acknowledged in New York?

**Mr. Scott:** Well, I would have to say...

**Mr. Fortier:** As a valid one?

**Mr. Scott:** Oh, entirely. This is one clear aspect of the job. You must understand that our Montreal editorial operation stands in relation to New York in a slightly different way than do the news bureaux. The Montreal editorial operation is the only one of its kind in the world.

**Mr. Fortier:** Right.

**Mr. Scott:** The London bureau, the Paris bureau, and all of these bureaux are competing every week very vigorously for a space that is available in the magazine. Our Canadian correspondents—six of them are doing that at the same time and we sort of add an extra level of push just because they are doing it.

**Mr. Fortier:** It is because of the uniqueness of your position that I ask the question.

**Mr. Scott:** Yes.

**Mr. Fortier:** It would seem to me that it would be a natural for the U.S. edition to use material which doesn't emanate from a bureau but rather from a subsidiary which has at its disposal all of this very good staff which you refer to in your brief.

**Mr. Scott:** I think that process happens too.

**The Chairman:** Mr. LaRue, to move back to Mr. Fortier's question, you agree I am sure with the things that Mr. Scott has said but do you attempt in the same way to persuade Time Incorporated to carry more news of Canada?

**Mr. LaRue:** It really isn't my role but I am sympathetic, certainly, to my partner's view.

**The Chairman:** Why isn't it your role? You are the chief executive officer?

**Mr. LaRue:** As we tried to explain in the descriptions of the two jobs we have—we

operate as partners and in charge of the full responsibility for the editorial stance in Canada and for the editorial operations and its people, is Mr. John Scott.

**The Chairman:** Yes, but I am talking about the editorial stance of *Time* throughout the world. That surely is of concern to you as chief executive officer here?

**Mr. LaRue:** It is.

**The Chairman:** Well, wouldn't you be interested in seeing more Canadian coverage in the other editions of *Time*?

**Mr. LaRue:** I do what I can in conversations with my colleagues in New York to encourage it just as John Scott does.

**Mr. Scott:** If I may say so in the first instance you were giving a formal answer that we do attempt to keep the functions separate, and I think this formality was on your mind. Perhaps it is easier for me to say it than for you, but I do know that at various times we have promoted this. We were all particularly interested in this and excited about this during the centennial year when we had all of this at our doorstep. I think you see a reflection of that in the part of the brief that is a reprint of the stories we had during that year and I can see that, in the sense in which the Senator was asking you about that, that you weren't playing a very effective role.

**Mr. LaRue:** Well, in my discussions with my colleagues at headquarters in New York or any place else in the world where I encountered them and they encountered me, I talked about Canada and the importance of Canada and what is exciting about it.

**Mr. Fortier:** Not just as a market but also as a country which should be explained to your other readers?

**Mr. LaRue:** Yes, the market, what it is, its effectiveness, its grasp with the readers here in Canada and everywhere else.

**The Chairman:** Mr. Fortier made the point a moment ago that the Canadian edition of *Time* is the only one to carry extra editorial material. Why is that? Why don't other editions of *Time* carry extra editorial material?

**Mr. LaRue:** Well, I think at this point and over the last nine years Canada has been one of the largest countries in which we circulated outside of the United States and you had the ability economically and professionally to

do it. Whether we could or should do it in other countries is another question.

**The Chairman:** Just to put this in perspective, what is the weekly circulation of *Time* in the United States?

**Mr. LaRue:** Four million three hundred thousand.

**The Chairman:** And the Canadian edition?

**Mr. LaRue:** Four hundred and sixty thousand.

**The Chairman:** And what is the third biggest edition?

**Mr. LaRue:** Well, *Time (Atlantic)* which of course covers many countries—I have the figures here.

**The Chairman:** Well, I think we would be interested.

**Mr. LaRue:** The *Time (Atlantic)* circulation is approximately 310,000.

**The Chairman:** And that is the third biggest?

**Mr. LaRue:** Yes, and that covers United Kingdom, Europe, Africa and the Middle East.

**The Chairman:** And it is an English language edition?

**Mr. LaRue:** Yes. It is the same everywhere in the world.

**The Chairman:** That 310,000 is certainly a bigger circulation than you used to have in Canada—have you ever considered adding extra editorial material?

**Mr. LaRue:** Not for the entire spectrum. You are covering how many different language areas?

**The Chairman:** Yes, but presumably the people who buy *Time* read English.

**Mr. LaRue:** Yes they do. It is a professional question which is difficult to answer because you are covering so many different areas in one very large part of the world. It is not as uniform, if you will, to report on and through the World section of *Time*, and through other sections of *Time*, we feel, at least at this point, that we are adequately covering news from that area. If you look at the World section, you will see that it is broken down by country.

**The Chairman:** So you believe without the Canadian section of *Time* and *Time* would not be covering adequately the rest of Canada?

**Mr. LaRue:** That's right, for Canadians.

**The Chairman:** But for the Atlantic region, the World section is adequate?

**Mr. LaRue:** Yes.

**The Chairman:** Are there other advertisers who use the Atlantic issue and can you buy advertising in the Atlantic region?

**Mr. LaRue:** Oh yes.

**The Chairman:** Is that advertising regional advertising? In other words, are there United Kingdom advertisers?

**Mr. LaRue:** Yes. Advertising from within the area.

**The Chairman:** National advertisers?

**Mr. LaRue:** Yes. The highest percentage of national advertising comes from within the area.

**Senator Smith:** Mr. Chairman, might I ask a question?

**The Chairman:** Yes, Senator Smith.

**Senator Smith:** Going back to just a few minutes ago to this subject of Canadian content in *Time* and so on—why do you publish four pages of Canadian content?

**Mr. LaRue:** Why do we?

**Senator Smith:** Yes.

**Mr. LaRue:** We feel it is an important service to the readers in Canada. We feel it is important for them to receive news about Canada.

**Senator Smith:** You don't believe that that is an attempt to convince yourselves that this is not an American magazine but a Canadian magazine?

**Mr. LaRue:** No.

**Senator Smith:** Can the readers of *Time* in Canada look forward to the day when the coverage of the Canadian scene can be upped to eight pages to equal the coverage of the American scene? I just skimmed through the pages of this latest edition and I noticed that the Canadian content is four pages and the U.S. is eight.

**Mr. LaRue:** Well, I think we can look to further growth, expansion of the section. But, it has already happened—we run six pages in *Time* and are doing more and more in the way of special Canadian cover stories.

**Senator Smith:** Is there any reason why...

**The Chairman:** Excuse me, Senator, but before you go on I think perhaps we should—I know there are senators with questions and before you begin your line of questioning...

**Senator Smith:** Well, this isn't a line—it was just a supplementary question.

**The Chairman:** Well, I would like to get back to Mr. Fortier, but please carry on.

**Senator Smith:** If I may be excused to carry on just for a moment.

**The Chairman:** Fine.

**Senator Smith:** I would also like to refer to the Canadian content of the letters to the editor section. In this edition we have before us here there are 12 letters of American source and two of Canadian origin. Why don't we have more letters to the editor published in this particular edition of *Time*?

**The Chairman:** Mr. Scott, I think that one is for you.

**Mr. Scott:** I did think, Senator, that there were three, but I suppose that is beside the point.

**Senator Smith:** Well, I may have missed one.

**Mr. Scott:** We are glad to have them but I would have to say that the comment that comes in the Canadian mail is not overwhelming. There is, for reasons which I find difficult to pin down, not a letter to the editor tradition in this country generally. The *Toronto Globe and Mail* has an outstanding letters to the editor column, but I find, and I hope this is fair, that as I read the papers generally, there is not the kind of comment—perhaps some of the people who should be writing letters to the editor are not. I am thinking more in terms from the academic community, and so on.

We attempt in the letters column to have a reasonable balance of interesting comment on the Canadian stories and on Canadian points of view, and the subjects discussed throughout the magazine whether it is on environment stories, new books, Biafra, and so forth. Now, the Canadian letters go into competition



with the letters we receive from elsewhere because we are interested in the letters section reflecting the opinion of our readers. Naturally one does tend to favour the substantial comment that is made. We do receive 65,000 letters a year overall, so that is quite a response in competition for, I think you said, 12 letters in this one issue. Our bias is in favour of getting more Canadian comment in the magazine.

One other problem which is a real one is that the letters should be topical and the mail being what it is arrives awfully late.

**The Chairman:** Mr. Fortier?

**Senator Smith:** Well, I would challenge that last part of your statement but I will accept all the rest. I receive good communications in the mail from Nova Scotia at any rate.

**Mr. Fortier:** Mr. Scott, I don't want to belabour the point but I would like to come back to the unique position to which *Time (Canada)* has in the world-wide operation of all editions being the only one that carries extra editorial material. What I attempted to suggest to you and you answered it is that you should attempt to pressure—I use the word purposely—to pressure the U.S. into reporting more news about Canada. The U.S. edition of *Time* was studied during a period of three months when our researchers started their work. They had a look at the 13 issues in July, August and September, but in those 13 issues the U.S. edition was found to carry not one item of Canadian news; and I say to you should there not be some reciprocity—should you not insist as a matter of fact, that your role include not only to put together four, six, or eight pages in the Canadian edition, but also to put in the American edition some material about Canada on a regular basis?

**Mr. Scott:** Well, I agree with your general point. I agree that there is something wrong with the study but in fairness I should say that this question is not unexpected. It is very difficult in fact to go to what Senator O'Leary delightfully called "an entertainment in the late afternoon" and not be asked, so I did look through the issues of last year to refresh my memory and...

**Mr. Fortier:** Are you going to make me eat my words?

**Mr. Scott:** Well, I do have some here, but I must admit that July and August tend to be rather foul months.

**Mr. Fortier:** No fires!

**Mr. Scott:** No fires. I counted up 17 stories during that period.

**Mr. Fortier:** Well, I am sorry, but are you saying that during those three months that there were 17 stories?

**Mr. Scott:** Well, there were 17 items certainly of Canadian news and interest and out of that 10 rather substantial stories. We had during that period, of course, President Nixon coming to Canada along with Prime Minister Trudeau commemorating the tenth anniversary of the St. Lawrence Seaway and that was in the Nation section in the general run—not as an elaborate story...

**Mr. Fortier:** Not in news about Canada but in the U.S. domestic news section?

**Mr. Scott:** Yes, in the U.S. domestic news section.

**Senator Prowse:** Is that the one where President Nixon invited Prime Minister Trudeau's wife to come back with him?

**Mr. Scott:** Yes, that was the one but I think it was Mr. Rockefeller.

**Senator Prowse:** Yes, Mr. Rockefeller.

**Mr. Scott:** That was during the period of the Manhattan's voyage and we had three rather substantial stories on that which we reported in the United States edition in the general run of the magazine and the Canadian parliamentary concern on the sovereignty and the concern for pollution potential, and so forth.

**Mr. Fortier:** As much as you would get in this week's, and I haven't read it yet, in the U.S. section news about, say, what Mr. Nixon or what Vice President Agnew may have said about Mexico as I read here. The point I am trying to make is that those stories that you are referring to, those comments in the American edition of *Time* magazine are not in a separate Canadian section.

**Mr. Scott:** That is right.

**Mr. Fortier:** They are not?

**Mr. Scott:** I think this is the point—that a great many of the Canadian stories that appear in the U.S. edition, in the general run of the magazine are missed by these people that I run into at cocktail parties because they do not have on them a large Canada



label. They tend to appear in the appropriate section.

One other story that I recall in the period that you mentioned was in the then new Environment section. We had a long piece anointing five college professors as the new Jeremiahs and talked about these men and their ideas and about the troubles we were in and one of those was Professor Crawford, S. Holling at the University of British Columbia who was the head of interdepartmental studies of land and water use there. Now, this didn't have any big Canada label over it but it discussed his ideas from the west coast of Canada on what troubles we were in.

**Mr. Fortier:** Well, you have made the point and I grant you you made it very effectively.

**The Chairman:** May I just ask one question on this point. You refer in the brief to the Press section of *Time* saying that this was first attempts by a publication to do anything of that type. Can you recall the last time that the Press section of *Time* wrote about a Canadian publication?

**Mr. Scott:** Well, I can think of several stories but the last one would be—I am sorry, I can't offhand.

**The Chairman:** But surely it hasn't been recently?

**Mr. Scott:** It hasn't been recently or I would have remembered it.

**The Chairman:** Mr. Fortier?

**Mr. Fortier:** In putting together these stories do your American brethren call on Canadian staff—the stories that are published in the American edition?

**Mr. Scott:** Yes, they call upon our entire editorial apparatus, not only on correspondents but on researchers in Montreal. The traffic by telephone and our Telex links in our bureaus in Calgary, Ottawa, Toronto and Montreal with New York is constantly going back and forth with queries on stories as parts are developed.

**Mr. LaRue:** May I, Mr. Fortier, also say that the other magazines in *Time Incorporated*, *Sports Illustrated* and *Fortune* and *Life* call on our services from time to time, or the Canadian offices of the *Time* news services.

**Mr. Fortier:** That is part of the overhead which is borne by *Time (Canada)*.

**Mr. LaRue:** Yes.

**Mr. Fortier:** *Sports Illustrated*, *Life* magazine and *Fortune*?

**Mr. LaRue:** Yes, and if they want to do a story on the Toronto Maple Leafs where are they going to get it?

**The Chairman:** Why would they want it?

**Mr. Fortier:** Yes, they are in last position.

**Mr. LaRue:** But this is a dialogue between the bureau in this regard and *Fortune* I thought did a magnificent two part piece on the Bronfman a few years ago. *Life* of course, in their Expo coverage sent a lot of staff members up here.

**Mr. Fortier:** Have you ever considered having some of your Canadian editorial content written in the French language?

**Mr. LaRue:** We have tried that. We experimented with it in France—not here in Canada, but so far we have not found a means by which we could write in the second language without duplicating to a considerable degree the editorial staff we have writing in English. *Time*, the kind of magazine it is, ideomatically cannot be translated and be effective in the second language.

**Mr. Scott:** Well, I think it has to be really re-edited but we did run letters to the editor in French on one occasion.

**Mr. Fortier:** I missed that.

**Mr. Scott:** Well, I am afraid it was only once so you are quite entitled to have missed it.

**Mr. Fortier:** You have regional editions now in Canada—would you carry French advertising?

**Mr. Scott:** Yes.

**Mr. Fortier:** Well, as a matter of fact I recall the *St. Jean Royal Military College* was it not with a column in English and a column in French?

**Mr. Scott:** Yes.

**Mr. Fortier:** But have you had requests in Montreal for advertising in French?

**Mr. Scott:** Very few.

**Mr. Fortier:** But you have had some?

**Mr. Scott:** Yes.

**Mr. Fortier:** And you have run a few?

**Mr. Scott:** Yes, but I can't remember the other ones.

**Mr. Fortier:** What percentage of your readers in the Province of Quebec are French? I ask the question because we have *Actualité* and *Sept Jours* this afternoon and I assume they will talk about *Time* magazine.

**Mr. Scott:** A subscribers' survey of two years ago—we asked this question and the question was asked "What is the first language spoken in your home" and the answer came back that I think 22 per cent of the readers of *Time* in Quebec considered French as their main language.

**Mr. Fortier:** Well, I believe we have that figure.

**Mr. LaRue:** Eighty thousand is our circulation and our readers would be more than that. We were asking the individual subscribers and so we have a fair proportion of our circulation in Quebec among people who are bilingual but who consider French their first language. Our circulation in Quebec is predominantly in Montreal, metropolitan Montreal and Quebec City.

**Mr. Fortier:** In putting together the Canadian pages, Mr. Scott, is your main goal to reflect the image of present-day Canada for your readers or to attempt to lead in a way public opinion?

**Mr. Scott:** Well, I think it flows from the character of the magazine that we do lead public opinion by writing of taste and contributing to, not only through information, but by other means, and I would have to say yes we do.

**Mr. Fortier:** Would you say that you are doing a certain job in trend-spotting?

**Mr. Scott:** Yes sir. I feel—and I suppose this sounds presumptuous and I don't mean it to be, but as an example I think that beginning with Prime Minister Pearson's speech in Quebec City that led to the setting up of the B and B Commission, and the Confederation for Tomorrow Conference in Toronto on which we did a cover, and the several reports of the B and B Commission leading up to the Official Languages Act, I think that all that we wrote during that time must have in a way helped to prepare a climate of opinion across the country that ultimately was not only accepted but welcomed.

**Mr. Fortier:** Mr. LaRue, you have lived in New York, in Japan and now in Toronto.

**Mr. LaRue:** Yes.

**Mr. Fortier:** What do you think of Toronto newspapers as compared with New York and Japanese ones?

**Mr. LaRue:** Well, the Japanese ones you can cross off right now because I can't read them. As you know the largest newspaper in the world is in Japan which is *Asahi*.

**Mr. Fortier:** Well, what do you think of the Toronto papers?

**Mr. LaRue:** First of all, I think Toronto is a unique city in North America as far as newspapers are concerned. You have three very healthy newspapers and three different newspapers.

**Mr. Fortier:** You don't even have that in New York?

**Mr. LaRue:** No longer, unfortunately.

**Mr. Fortier:** How is that possible in a city like Toronto?

**Mr. LaRue:** Well, I have wondered sometimes myself. I think the three newspapers are so very different in Toronto, in character, that they each have been able to over the years cut out of the population of Toronto their own group of readers. I find in reading all three papers that you get three fairly different points of view. With the *Globe and Mail* you get a world viewpoint—much of the *New York Times* attitude and much of the *New York Times* in it. The *Telegram* is very much locally oriented in its reporting and the *Star* I find to be very interesting and certainly very successful paper.

**Mr. Fortier:** Do you feel any significant competition from the trend of newspapers towards reports in depth. In fact, I think last night Mr. Ken Lefollii said that newspapers are becoming more and more like magazines.

**Mr. LaRue:** Yes. Particularly in their Saturday editions.

**Mr. Fortier:** Yes. Do you feel that at *Time*?

**Mr. LaRue:** As far as advertising is concerned?

**Mr. Fortier:** As far as advertising is concerned and competition for readers—for the readers' time.

**Mr. LaRue:** Well, I think there is so much coming at us from so many directions these days that the greater in-depth reporting by newspapers and particularly, as you say the Toronto newspapers is a very good thing and is complementary, if you will, to what we do and what is done on television. We have to get away and sort out all of these things that we are hearing about from so many different places, I would say it is complementary to what we do. *Time's* circulation in Toronto, as a matter of fact, is the highest of any circulation we have in any city in Canada, and perhaps it is the best served by the daily press. I can only say from that that I assume we work pretty well together and that probably there is very little duplication in readership.

**The Chairman:** Well, it really isn't surprising is it that *Time*—given the fact that *Time* is an English language magazine and the population of Montreal is 80 per cent French there is no other city in Canada which is half the size of Toronto in terms of potential English readers?

**Mr. LaRue:** Well, that is true but we believe our circulation is strong in Toronto.

**Mr. Fortier:** Well, this change in newspaper journalism which has affected the magazine industry in North America, what has it done to *Time* magazine aside from many changes at head office? What has *Time* attempted to do to meet this change in newspaper journalism?

**Mr. LaRue:** I don't know if *Time* has acted directly to this change in newspaper journalism because I think this change has been coming on for many years. It is not just now in the last two or three years. The acceptance, for example, that we read about and hear about—the subjectivity of reporters as opposed to what we call objectivity has been coming on for a long, long time. I think rather that *Time* reacts to what it feels its population of readers needs and wants, and as Mr. Scott said earlier, we hope to lead in some way and anticipate the desires, within the context of what *Time* has, of those readers. I don't think we are reacting directly to what the newspapers are now doing, which perhaps they didn't do many years ago.

**Mr. Fortier:** Which is your main competitor in Canada? Which do you consider....

**Mr. LaRue:** For advertising dollars it would be television.

**Mr. Fortier:** For advertising dollars it would be television and for readers' time—small "t"?

**Mr. LaRue:** Yes.

**Mr. Fortier:** For readers' time which is your main competitor? The time of the readers?

**Mr. LaRue:** Well, I have never really thought of it.

**Mr. Fortier:** You haven't?

**Mr. LaRue:** That way, no.

**Mr. Fortier:** Mr. LaRue, you never considered that *Time (Canada)* had a competitor for readers time?

**Mr. LaRue:** Well, I think what really *Time* does is compete with all media in terms of fulfilling a need of an individual and I don't think it is frankly newspapers any more than it is television, or books, or radio. The *Time* reader tends to read more of everything. He reads more books than a non-magazine reader, if you will, perhaps a non-*Time* reader, if you will.

**Mr. Fortier:** Well, it sounds like a *Playboy* advertisement.

**Mr. LaRue:** Well, I am not trying to sound....

**Mr. Fortier:** You know, *Playboy* readers read *Playboy* because....

**Mr. LaRue:** The competition for time with a small "t" comes from all areas because of the proliferation in the media.

**Mr. Fortier:** Well, I know what you would do if you were in an airport and ready to board a plane and you had *Time* magazine on the newsstand and other magazines but what do you think the average Canadian would do—if there is such a thing—at Malton airport when he is going on a flight and there is *Time* magazine and newspapers and other Canadian magazines? Where is the competition?

**Mr. LaRue:** Well, of course, you are given a newspaper on the airplane so there is competition there, but how long does it take you to read a newspaper? Perhaps a half an hour. I would hope that on a Tuesday evening at Malton or Dorval he would pick up *Time* magazine to see what we have to say that week.



**Mr. Fortier:** Well, if he only has 50 cents to spend.

**Mr. LaRue:** If he only has 50 cents to spend?

**Mr. Fortier:** Yes, exactly, if he only has 50 cents to spend. Which magazine is he most likely to purchase?

**Mr. Scott:** Well, he will have a lot of trouble at the other end when he arrives!

**Mr. LaRue:** Well, what research we have in this area tells me that *Time* is the most popular magazine on newsstands in airports in North America.

**Mr. Fortier:** Well, I can see that you are right, that you haven't applied your mind to it as to whether you had any competitor in Canada...

**Mr. LaRue:** Any individual competitor you said and I think that looking at the broad spectrum and when you go into the airport and when you see a couple of hundred magazines you must choose and if you are there on Tuesday when *Time* comes out, *Time's* sales would be higher that day in comparison to others and perhaps on a Thursday or Friday.

**Mr. Fortier:** Well, you are very consistent, of course, which I certainly expect you to be, because in your brief you say there are no other news publications distributed nationally, with weekly frequency, reporting the significant events of the week within Canada. That is really your answer is it not?

**Mr. LaRue:** Yes sir.

**Mr. Fortier:** What about the *Financial Post*?

**Mr. LaRue:** Their circulation is a third of ours.

**Mr. Fortier:** Doesn't it report on the significant events of the week within Canada?

**Mr. LaRue:** Within the business area yes, but I look at the *Financial Post* more as a vertical publication and *Time* as a general publication. When we say in our brief that *Time* is unique in Canada in that it is the only general news publication weekly going across Canada and hopefully being seen at the same time in Vancouver as it is in St. John's...

**The Chairman:** Well, what about *Newsweek*?

**Mr. LaRue:** *Newsweek's* circulation in Canada is about...

**The Chairman:** However, does it not fill the requirements?

**Mr. LaRue:** It does not have the Canada section as we do.

**The Chairman:** Well, aside from the Canada section, it does.

**Mr. LaRue:** Well, its privilege is very similar.

**The Chairman:** Do you think it would be in the national Canadian interest to go to the *Newsweek* people and say "Look, why don't you add a Canadian section and give *Time* some competition?"

**Mr. LaRue:** I welcome the competition.

**The Chairman:** Well, would you like to see that happen?

**Mr. LaRue:** Well, I don't know how it could happen.

**The Chairman:** Why?

**Mr. LaRue:** Well, let us face it...

**Mr. Fortier:** You don't think you have as much influence in Washington as Mr. Luce did?

**Mr. LaRue:** Mr. Luce has been said to have.

**The Chairman:** Well, we will talk about that later, but let me just put this question to you. I certainly do not think it is impossible to make changes in the legislation to allow *Newsweek* in to share the privilege that you have, so do you think that would be in the national interest?

**Mr. LaRue:** I think it would be in the Canadian national interest, to be very frank, if a Canadian publisher could create a Canadian news magazine.

**Mr. Fortier:** Is that possible?

**Mr. LaRue:** It would take a lot of money. It is possible.

**Mr. Fortier:** You think it is.

**Mr. LaRue:** Yes, I think it is possible.

**The Chairman:** Well, let us take *Newsweek*, for example. They do have the resources and they are there, they are publishing in the United States and they are competition for you in the United States and very

tough competition which I am sure you will agree...

**Mr. LaRue:** Yes.

**The Chairman:** Wouldn't Canadians benefit if this tough competition was extended north of the border?

**Mr. LaRue:** If they had a Canadian section like *Time* I think they would.

**The Chairman:** Do you think that would be a good thing?

**Mr. LaRue:** I think the Canadians would benefit if there would be Canadian content in a weekly news magazine in Canada.

**The Chairman:** Well, let's take *Newsweek*, it is the only one that is there.

**Mr. LaRue:** I suppose they could do it. I think we have to look at the realism of publishing such a magazine in Canada and let's talk about that for a moment.

**The Chairman:** Fine.

**Mr. LaRue:** *Newsweek* would have to take a circulation which I believe is around 55,000 and build it into something over 200,000 I would imagine rather quickly in order to compete. This would take an enormous amount of money to do and we have been doing what we do for 27 years here and as a result built up our circulation.

**The Chairman:** Well, if I may ask a very hypothetical question and I realize it is hypothetical but if this happened, if *Newsweek* had this opportunity do you think that they would accept it notwithstanding the costs?

**Mr. LaRue:** Well, I imagine they thought about it a while ago.

**The Chairman:** I am sure they did.

**Mr. LaRue:** I would think that they would look at our position in Canada and wonder if they were permitted to publish here if they could attain a position here comparable to the one they have in the United States. Now, whether they would or not, I just don't know.

**The Chairman:** I am going to suggest, senators and gentlemen, that we give our reporter a five minute break. We will reconvene at 11.35 in five minutes.

—A short recess.

**The Chairman:** Honourable senators, if I may call the session back to order.

**Mr. LaRue,** I wonder if I might ask you about paragraph 27 in your brief. It says:

"A restrictive U.S. copyright law prevents the printing of the U.S. edition of the magazine in Canada for distribution in the United States. If this restriction can be removed, we look forward to exploring the possibility of Vancouver production of the magazine for export to the U.S.'s Pacific Northwest."

What pressure has *Time (Canada)* though Time Incorporated brought to bear on the United States government to remove the restrictions?

**Mr. LaRue:** We have a lawyer working for us by the name of Gabriel Perle who has just been made head of the copyright section of the American Bar Association and he for the last ten years has been dealing with this and other questions with our government. He feels, and we feel, that this is an example, if you will, of economic imperialism and we don't like it. We are in touch with the United States government on this matter—we would like to see the manufacturing clause and the copyright law repealed so that Canadian printers could participate and compete in the American printing market. I am going to Washington, as a matter of fact, in two weeks and I hope to explore this myself.

**The Chairman:** Is this a matter you hope to raise?

**Mr. LaRue:** It is one of the reasons I am going there. There are a lot of technical problems that have to be worked out before we could print *Time* in our new printing location in Vancouver for the northwest portion of our circulation. Historically, the northwest of the United States has been a poor delivery pocket and *Time* and other magazines as well, have had a problem in getting their copies there as fast as they would like to. There are no printing facilities with the quality or size that we have in the east, and *Time* and even perhaps *Sports Illustrated*, speaking of our own company, if we were in the west, would of course speed up deliveries and cut costs.

We were talking earlier on Mr. Fortier's question on what do I do when I talk to people at *Time Incorporated* to encourage and convince them that we should do more about Canada, not only perhaps editorially but in a business sense, and this is one example of what I talk about when I do see my colleagues in the United States.



**The Chairman:** Well, I want to—oh, I am sorry you weren't finished.

**Mr. LaRue:** Well, I don't want to go on at length on this, but this is a very important point and one on which I feel very strongly, and I want to do more in Canada that makes good business sense, for ourselves as well as for the country which we have the privilege of publishing in.

**The Chairman:** I would like to ask you a few questions about the reputed power that *Time* has had with various United States governments. I am sure that you are familiar with an article that appeared in Harper's by Richard Pollak called "Time After Luce" and I believe Mr. Fortier was quoting the article earlier this morning. There are a couple of things I would like you to comment on. "Luce regarded a *Time* correspondent in the foreign country to which he was posted as the American second only to the U.S. Ambassador.

In return for this presumption, thousands of readers abroad accept the magazine as a quasi-official spokesman for the United States government, a polished, flawless window on America. Statesmen treat the magazine with such deference that Time Inc. can make the leaders of eight Asian nations jump simply for the amusement of its advertisers."

Now, without quoting him any further do you think that *Time* has this kind of leverage?

**Mr. LaRue:** I think that is grossly overstated. I think—well, living in Japan I didn't see too many people jump any time I walked in the door. We have established a certain degree of respect among our contacts in foreign countries both in the business side and on the editorial side. It is our job to know people in high places for sources but as far as *Time* being an arm of the U.S. State Department—and that has been stated many times, and I don't necessarily accept it as being true. I don't think it is.

**The Chairman:** Well, just let me read you another quote. This is a speech made by Mr. Walter Gordon in May of 1969 and if I may quote his speech he was referring to the ultimate legislation which came out of the O'Leary Report. He says, and I am quoting Mr. Gordon:

"The United States State Department went into action. Its representatives urged on behalf of the whole United States administration that nothing should

be done which in any way would upset or annoy the late Mr. Henry Luce who was the proprietor of *Time*. It was submitted that Mr. Luce had great power in the United States through his magazines, *Time*, *Life*, and *Fortune*. That, if he were irritated, the results could be most damaging to both Canada and the United States administration."

Could you throw any light on that comment by Mr. Gordon who was our Minister of Finance at the time of the legislation?

**Mr. LaRue:** He said also in his book "A Choice for Canada" that had *Time* not been exempted from that legislation that it might affect the auto tax.

**The Chairman:** Right.

**Mr. LaRue:** This also intimates that Mr. Luce and *Time* had an unusual degree of influence with the United States government vis-à-vis Canada. I came to Canada in the summer of 1965. The legislation was passed and after the debate about it was completed, I could say that I thought the people in our company—I can say fairly positively that I know of no instance in which Mr. Luce made any representations to the President of the United States or the Secretary of State in this regard.

**The Chairman:** Well, did the State Department make representations on behalf of *Time* to the Government of Canada?

**Mr. LaRue:** I don't know for a fact that they did.

**The Chairman:** Well, Mr. Gordon says they did?

**Mr. LaRue:** I know Mr. Gordon says they did.

**The Chairman:** He was the Minister of Finance at the time.

**Mr. LaRue:** I don't know for a fact that they did. I can understand perhaps that in their role in representing Americans abroad—in this case in Canada—they may have said to the Canadian government that they felt that if *Time* was to be expelled from Canada that this would be a discriminatory act and that they would be looked upon in disfavor.

**The Chairman:** I appreciate, Mr. LaRue, that you weren't here at the time but Mr. Scott you were. Would you care to comment on this?



**Mr. Scott:** Well, I don't really. Of course, I have read what Mr. Gordon has written, what Miss LaMarsh has written and what Peter Newman has written, and I have come across no information at the time or since, by independent sources which would tend to confirm their accounts which do leave in an uncertain state, in many cases, just what who said to whom and when. I would expect, really, to track down further information, that more of the participants at the time would have to be asked directly. It was not the kind of thing that at the time was widely discussed and reported in the newspapers or chattered about in the press gallery, so far as I am aware. It is the kind of thing that does surface later when one does get to the memoir stage or writing recent history. So I am afraid I cannot be helpful on it.

**The Chairman:** Have you or the *Time* staff attempted to ascertain whether or not this is a valid contention? Would this not be a valid news story? It certainly received extensive news coverage in the newspapers at the time when Mr. Gordon made the speech.

**Mr. Scott:** Yes, it did.

**The Chairman:** Did you not attempt to pursue the thing?

**Mr. Scott:** No, I didn't because it seemed to me that it would involve a massive amount of time and effort on the part of the correspondents who were already very busy and with what guarantee of success, I don't know. I think it was up to the participants at the time, and not particularly a story I should do.

**The Chairman:** Well, Mr. Gordon was one of the participants at the time and you say he is not very specific, I think he is very specific. He said:

"Its representatives urged on behalf of the whole United States administration that nothing should be done which in any way would upset or annoy the late Mr. Henry Luce.. "

I think that is very specific.

**Mr. Scott:** I agree that that is specific, senator, but the other accounts when one matches them with this leads me to think...

**The Chairman:** Well, you made the point quite properly that this is referred to in Mr. Newman's book, Mr. Gordon's book and Miss LaMarsh's book—I don't recall it there but I am sure it was. But surely this quote coming

as recently as last May several years after the books were written, with the exception of Miss LaMarsh's book, does shed some interesting and new light.

**Mr. Scott:** Yes.

**The Chairman:** I don't want, Mr. LaRue, to spin the thing out endlessly, but then to your knowledge the liaison between Time Incorporated and the State Department is not sufficiently close that this kind of leverage could have been brought to bear?

**Mr. LaRue:** I don't know that it was.

**The Chairman:** Could you imagine it happening?

**Mr. LaRue:** I can imagine that we would say to government officials that we felt that we were being treated unfairly and that it was their role to help us present our case, but whether Mr. Luce himself brought pressure to bear, I would doubt. I don't think he did. I don't know, he is no longer with us. Mr. Edward Baker who was then the managing director of Time-Life International is no longer with us, so I can't ask him, and these were two key executives with Time Incorporated who worked and lived through this period. I just don't know.

**The Chairman:** Well, before I leave this article by Mr. Pollak in *Harper's* on *Time* which I found to be a very amusing and perhaps biased, I don't know, but there is one other interesting point. He does a take-off on a *Time* section on Behaviour and this is where he talks about the—if I may just quote part of it.

"On February 21, 1969, a Pan American Boeing 707 chartered by Time Inc. and comfortably configured for sixty-two first-class seats and a bedroom compartment took off from San Francisco carrying—along with it Scotch, bourbon, gin, vodka, beer, wine, champagne, Cointreau, Drambuie, Benedictine, crème de menthe, cognac, and the company doctor—twenty-five U.S. businessmen. Their abiding interest in foreign affairs had won invitations to join Time's fourth News Tour since 1963, this one a sixteen-day sprint through eight Asian nations during which it had been arranged by the Time-Life News Service that the leaders of all eight would appear on cue to answer questions. Most of the Time Inc. hierarchy went along for the ride including Hedley Donovan, Andrew Heiskell, and James A.

Linen, the corporation's governing group; Henry Grunwald, the new managing editor of *Time*; and James R. Shepley, the magazine's publisher and official tour host, who explained in a press release that the two dozen guests were traveling at their own expense (everything, that is, but the plane fare) "as responsible, concerned American citizens rather than as representatives of their business enterprises," and John A. Meyers, *Time*'s advertising sales director, who apparently had not gotten around to reading the release and he observed, with a grin that almost all the guests were *Time* advertisers with annual budgets in the magazine ranging from \$200,000 to \$2 million."

And then it goes on to describe where these people went, the nations they visited and how they met the leaders of these various nations, and then it concludes by saying:

"From Tokyo, the now exhausted travelers flew back to San Francisco, and then on the New York. After two days of recuperation, they reassembled in the Cabinet room of The White House with President Nixon for an hour-long session of show-and-tell."

I am not making any comments on this, but do you do anything comparable for leaders of the Canadian business industry?

**Mr. LaRue:** We have thought of it. It is possible that we will in the future. These tours, I believe there have been four of them now—two to Asia, one to Russia and the satellite countries, and another one to the common market countries. I would like to see us do something here together with the Canadian business community. I would like to see it but at the appropriate time. It is possible to bring U.S. businessmen to Canada, but it would take a lot of time and effort and staff to do it.

**The Chairman:** But you have considered this in Canada and have decided that it might be possible in the future?

**Mr. LaRue:** We have no news tours planned at this time of any kind. That Asian news tour was the last one.

**The Chairman:** Is the author being cynical when he relates one's ability to be selected for this tour with the amount of advertising he places in *Time*?

**Mr. LaRue:** The largest corporations in the United States advertise in *Time* from time to

time. So, there is every reason to think that the President of General Motors and the President of Allied Chemicals, and the top executives of the major American corporations would be invited and they would also be advertisers. We don't lose sight of the fact, of course, that they are important businessmen.

**The Chairman:** Of course, I quite understand that. That tour ended with a reception at the White House, so do you suppose that Prime Minister Trudeau would give a reception at the end of a Canadian tour?

**Mr. LaRue:** I would hope so. That would be an essential part of the tour. This of course could happen if we were to do it, but I really don't know.

**The Chairman:** Senator Prowse?

**Senator Prowse:** Your corporate setup in Canada is a Canadian corporation which is a wholly owned subsidiary?

**Mr. LaRue:** Yes.

**Senator Prowse:** Have you given any thought to making shares of that corporation available to the general public in Canada?

**Mr. LaRue:** Yes sir, we have. We have decided at this point not to do it for several reasons.

**Senator Prowse:** Would you elaborate on them?

**Mr. LaRue:** Certainly, sir. First of all the parent corporation is a public corporation and the shares of stock are on sale on the New York Stock Exchange every day and are freely traded in North America and everywhere else in the world. They are on the New York list and in all major Canadian newspapers. To sell a relatively small part of a public corporation in a market synonymous with the headquarters of that operation creates some pricing difficulties. How do you value what *Time International* of Canada is in relationship to its parent or how would you construct the value and thus the price here in Canada as it relates to the U.S. corporation? If we were to sell shares in *Time International* of Canada Limited at the offering exclusively to Canadians we would somehow have to relate the value of one part of *Time Incorporated* to the whole. Other questions come up. What would happen if once the original offering was made and three, four, five, ten thousand Canadians invested in *Time Canada*—with further trading by that



group, or do you go along the same way. There is nothing for example to prevent the movement of stock ownership by an individual in Chicago who may own Time Incorporated stock to Time Canada stock if he thinks he is going to receive a more favourable return. We are not quite as free as an independent company and in the interest of Canada and good citizenship, and having Canadians participate in whatever benefits there are to the growth of our business, if we were to sell stock where would the money go? You would have a drain, to a small extent, but nevertheless a drain, on the foreign exchange in Canada because the parent company would develop so capital would move out of Canada to the United States.

From a purely business standpoint—if you look at it from a purely business standpoint, what is the purpose of a public offering? It is to create capital by a company in order to expand. The question I can't answer at this point, or haven't been able to since I have been here, is what do I do with that money? If we keep it here in Canada where does it go? Not another magazine, not a radio or television station, or not a newspaper. What do I do with it? Where is the productivity here in the long term as a result of selling shares?

**Senator Prowse:** Well, what is the advantage then of having a separate corporation here at all?

**Mr. LaRue:** Well, technically, I guess there really isn't. There is no tax advantage for example.

**Senator Prowse:** So your bookkeeping is really artificially designed to satisfy a bookkeeper somewhere, that is all isn't it?

**Mr. LaRue:** Well, with the corporation here, Time International of Canada Limited—all the moneys that flow into Time Canada from wherever in the world, the advertising that is sold outside of Canada, for example, and the money that flows in here, we pay taxes on it. The technical advantage is limited as far as I can see and legal counsel could probably give you a much more detailed answer to that, Senator, than I could.

**Senator Prowse:** The thing I had in mind is that I believe that the *Reader's Digest* have about 30 per cent of their stock outstanding and Imperial Oil have about 30 per cent of their stock. You d'on't have any physical assets in Canada at all do you?

**Mr. LaRue:** We have some. In other words, we don't own printing machines or anything like that.

**Senator Prowse:** In other words, you could move pretty quickly if you had to?

**Mr. LaRue:** Is there a supplementary on that?

**The Chairman:** Well, the answer to that is probably yes.

**Mr. LaRue:** Yes.

**Senator Prowse:** Now, we will change the subject a little bit here. Your penetration of the Canadian market and your circulation in Canada you said was 450,000 roughly?

**Mr. LaRue:** Yes, 460,000.

**Senator Prowse:** And your American circulation is 4,300,000?

**Mr. LaRue:** Yes.

**Senator Prowse:** So on a per capita basis you are doing better in Canada than you are in the United States?

**Mr. LaRue:** Yes.

**Senator Prowse:** And yet all we get is four lousy pages. Don't you think we are really entitled to something better than that for something that produces or has an acceptance in Canada greater than your parent magazine has in the United States and is a better money maker on a related basis than your parent magazine in the United States. Yet all we receive is four pages in the magazine. Surely there are more important things that happen in Canada than that? We get practically nothing in your magazine unless it happens to be tied in with a high public figure in the American edition. I don't think we are receiving value for what we give you.

**The Chairman:** May I just for the record, senator—I think the word you used was "lousy" and I think when you see that in print—were you speaking of quantity or quality?

**Senator Prowse:** I will make that clear, I am sorry.

**The Chairman:** Well, just for the record I think you should.

**Senator Prowse:** What I wanted to say is four tiny little pages—let us put it that way.



**The Chairman:** Now, I think the Senator, Mr. LaRue, was talking about quantity rather than quality.

**Mr. LaRue:** Yes.

**The Chairman:** So I thought I should just make that clear in his interest.

**Mr. LaRue:** What you are saying, sir, is that you don't feel that the return on what we generate here is great enough as far as what we produce each week in the magazine for the Canadian reader?

**Senator Prowse:** I think you take far too much out for what you put in. This I know is a matter of opinion but I think you could be doing more for your magazine, you could be doing more for Canada and doing more for Canadian and American relations because you have a special opportunity there. Do you honestly feel yourself that you are doing an adequate job in view of what you get from here...

**Mr. LaRue:** I agree with you Senator. I agree that we could do more and should do more and will do more. I agree also that we are not doing as good a job as we should. We must be very self-critical, particularly here but also as an attitude in *Time* to make a better product next week—as it is with any publication.

I can only turn over to our editor as I think I should, the central part of your question as to whether we are indeed producing important editorial material each week in four pages, or six, or 17 which we ran in one edition. It was the longest single story ever produced in *Time* in its history on Canada. That is a matter of editorial judgment and argument, and we want to do more but it is the journalist's decision as to how, when, where and what we should do in this respect. There is nothing holy about four pages, or six...

**The Chairman:** How about 12?

**Mr. LaRue:** Or 12—The standards we set for ourselves—and we are the only ones that can establish them. Mr. Scott, would you care to answer?

**The Chairman:** Yes indeed Mr. Scott can answer but I would just like to ask a question which follows on with what Senator Prowse was saying. Who, in fact, makes the decision on the number of pages to be used? Is that you Mr. Scott? You or Mr. LaRue?

**Mr. Scott:** Well, the number of pages in any given week is me. The superstructure of the house is, I think...

**Mr. LaRue:** There is a budgetary consideration in the publishing of course.

**The Chairman:** Well, to follow Senator Prowse's suggestion, if you were to say to Mr. Scott "From now on we are going to run 20 pages"...

**Mr. LaRue:** I would faint. Moving along and growing in Canada, as we look back, is part of our progress. Maybe senator, and certainly in your view it hasn't been fast enough. I appreciate your comment and it seems to me that we do aspire to do more and there are some examples of our doing more over the eight years particularly since we have had our indigenous editorial staff here in Canada.

Again, I would like to go back to Mr. Scott because it has an editorial assessment to it.

**Senator Prowse:** I would like to hear what he has to say because I think we have been a pretty good host and I don't think you have been a good guest in explaining this.

**Mr. Scott:** Well, I take it this is now directed to me.

**Senator Prowse:** Yes.

**Mr. Scott:** Well, I think it would be important to remember that we are what we are. Maybe in Canadian fashion I will arrive at that by saying what we are not, first of all. We are not a full Canadian news magazine. We are not the magazine that has been talked about here and the question has come up in the last few days—should there be a Canadian news magazine. We are not that magazine. We are a weekly news magazine whose basic function is to report what is going on in the world, in the United States and what is going on of significance in the arts and sciences, and so on, throughout what we call the back of the book.

Now, we attempt to do this in a magazine that doesn't run away with itself in terms of size which is limited to a specific number of pages each week. Overall it can vary from week to week, but the effort is to keep it contained—in the Canadian edition—to 49 editorial pages. We think of it as a magazine that can be read comfortably in an evening and to this we add these "tiny Canadian pages", our present range really being four, five or six. Then, we have of course the Canadian cover story.

Now, in doing this we attempt to apply the same standards of newsworthiness, the same critical standards that form the rest of the magazine so that we keep in mind a certain coherence to the whole. As we have expanded from the basic four pages to a more frequent five and six, and as we have developed the Canadian cover, we have been striving to achieve a fair balance in the context and coherence of the whole magazine.

We feel we can't be too far wrong in this—and I certainly don't want this to sound too self-satisfying—that we can't be grossly wrong with it because the readers have responded. Now, we are—the managing editor of *Time*, Mr. Grunwald has said, and I think he makes this clear in his contribution to our brief, that we are subject to change and probably much more quickly in these days as all institutions are. We certainly are hospitable to new ideas and I don't want to overdo it but I would like to say on the record that I think we have been responsive to change and I for one am quite interested in what your concept of a better *Time* would be. It is something that I have discussed with colleagues in the past and as I say we do have a fairly strong reader response now. I am certainly open to and would like to hear any ideas on how we could improve the Canadian edition of *Time*.

**Mr. Fortier:** A supplementary?

**The Chairman:** Well, before your supplementary, I don't think you have quite answered Senator Prowse's question. His suggestion is more coverage. What about that?

**Senator Prowse:** How many bureaux men do you have? How many bureaux do you have across Canada?

**Mr. Scott:** We have four bureaux and one staff correspondent in Calgary, two correspondents in Toronto, one with a specialty in business and economics reporting, two in Ottawa and one staff correspondent in Montreal.

**Senator Prowse:** How many advertising salesmen do you have?

**Mr. Scott:** Nine.

**Mr. LaRue:** Yes, nine.

**Senator Prowse:** Where are they placed?

**Mr. LaRue:** Toronto and Montreal.

**Senator Prowse:** They operate from there?

**Mr. LaRue:** Yes.

**Senator Prowse:** What percentage of advertising placed in the Canadian edition comes from American advertising agencies and what percentage comes from Canadian advertising agencies?

**Mr. LaRue:** I can't give you the exact percentage but I would be glad to give you that information following this presentation. The predominance of our advertising comes from Canadian advertising agencies.

**The Chairman:** There is an increasing trend, Mr. LaRue, to more and more involvement in Canadian advertising by American agencies. Does this trend concern you?

**Mr. LaRue:** Not necessarily, no. I think the emergence we have seen here—the major one and most recent one would be McKim, Benton and Bowles. I think the two enrich each other and we have seen this trend developing over the last 15 years around the world and I am delighted to see someone like George Sinclair taking the Canadian expertise to England and Ireland, and Italy, and I think joint ventures in the advertising business are something that is certainly with us, and is very productive.

**Senator Prowse:** I want to move to another area—this isn't a supplementary question.

**The Chairman:** Well, you had a supplementary, didn't you, Mr. Fortier?

**Mr. Fortier:** Yes I did Mr. Chairman, and now I have two.

You carry in the magazine and indeed you have it reproduced in the brief in boxed type—"Editorial content identical to U.S. editions except for added Canadian material, and for occasional contractions because of space limitations or duplications." Now, that is a pretty far ranging statement if you wish it to become so.

**Mr. LaRue:** Yes.

**Mr. Fortier:** Well, what I would like to know—first of all how is this being applied in fact, who does this editing? When I pick up a copy of *Time* magazine do I get the U.S. edition with four more pages or six more pages, or do I get my four or six Canadian pages with a contracted version of the American edition?

**Mr. Scott:** No, you don't get a contracted version of the American edition and this is a very important element in our definition of



what we are. It is rather interesting that one of the impacts on us of our invitation to appear before this committee was that for the first time in a long time we looked at that little box and we felt that the wording we had in it then was not precisely correct and so we have attempted to make it precisely correct, and perhaps with the seconds here talking about the occasional contractions and duplications—that probably does leave a slight mystery remaining.

You are quite correct that we add to the magazine—we don't subtract. You, when you buy it at Malton or Dorval, are getting the same *Time* material that you would get if you bought it at any other airport in the world with the addition of the Canadian pages. What occasional contractions means is that in the make-up of the magazine, and very occasionally simply because of the way the ads and the pictures fall, occasionally a one story section will have to go. This is a pretty much towards the end-of-the-week operation, so we have that statement in to cover that. Duplication—what we mean by that is that on the story of the Montreal riots, the cover story we did on that and which we have in our brief, we had a long story in the world section about the Montreal riots but it was a duplication of the material in the Canadian pages, so we made up a new world section in that edition. That issue, the Canadian readers got one more world story than appeared in any other edition of time anywhere else in the world.

**Mr. Fortier:** Who picked it?

**Mr. Scott:** The world editor.

**Mr. Fortier:** Well, what did we learn that no one else in the world read about?

**Mr. Scott:** You have me, I just can't remember.

**Mr. Fortier:** Do you remember, Mr. LaRue?

**Mr. LaRue:** No.

**Mr. Fortier:** Well, it couldn't have been a world-shattering story?

**Mr. LaRue:** Well, it was a minor thing. I don't take *Time* (U.S.) and *Time* (Canada) every week and lay them side by side in order to compare the two.

**Mr. Fortier:** I can understand, Mr. Scott, your explanation about the duplication because it is fairly obvious, but it is the contractions that worry me more than the

duplication. I think I could live with duplications, but if I feel that because of space limitations my version of *Time* is a contracted version of the American one I would like to know who decides on the contractions. That is my question to you now.

**Mr. Scott:** Well, as I said in the beginning...

**Mr. Fortier:** Is it you?

**Mr. Scott:** No, it is not me at this stage. At that stage of the week I worry about another aspect of deadline problems and to tell you the truth I am not precisely sure. It would be one of the assistant managing editors who is presented with the make-up of what we call there the export edition. I mean, we are dealing here now only with the Canada edition which has this little box and talks about the occasional contractions.

**Mr. Fortier:** Yes.

**Mr. Scott:** This problem comes up in laying out the whole range of the international editions.

**Mr. Fortier:** That is done in New York?

**Mr. Scott:** Yes, that is done in New York.

**Mr. Fortier:** Unknown to you, in fact?

**Mr. Scott:** Yes.

**Mr. Fortier:** Not by a Canadian?

**Mr. Scott:** Well, I guess not. I guess it wouldn't be done by a Canadian as far as I know.

**Mr. Fortier:** And then the export edition, so to speak, is shipped to Montreal?

**Mr. LaRue:** The film.

**Mr. Fortier:** Yes, the film, and then at that particular time it is completely stripped of advertising?

**Mr. LaRue:** The editorial content is stripped.

**Mr. Fortier:** And then you have ten regional editions in Canada?

**Mr. LaRue:** Twelve.

**Mr. Fortier:** Twelve now?

**Mr. LaRue:** Yes.

**Mr. Fortier:** What you are doing at that point is you are presenting the stripped export editorial version of *Time*...



**Mr. LaRue:** The make-up of *Time* (U.S.) essentially.

**Mr. Fortier:** And you are presenting it in 12 different regions from an advertisers' point of view?

**Mr. LaRue:** Yes, it is an advertising regional, not an editorial.

**Mr. Fortier:** So you are then competing for the advertisers' dollar with newspapers and magazines in 12 different Canadian regions?

**Mr. LaRue:** Yes, in a sense.

**Mr. Fortier:** You are obviously not competing for readers' time in those 12 regions because it is the same content but you can have any given week 12 editions of *Time* which will carry 12 different sets of advertising. Is that correct?

**Mr. LaRue:** That is correct.

**Mr. Fortier:** This puts you in direct competition not only with magazines but with newspapers?

**Mr. LaRue:** Well, Mr. Fortier, we compete with all media nationally as well as locally. We have always competed for the advertisers' dollar with the newspapers, for example, and with television. When an advertiser at the beginning of his planning in the fall or summer for the following year, he establishing an advertising budget at the beginning and then more than likely he will carve it up at the beginning into various media areas. For example, what are we going to do on television, et cetera?

**Mr. Fortier:** Who decides to carve up another region? Do you do that?

**Mr. LaRue:** Yes, we decide here. That is a business decision here.

**Mr. Fortier:** And when did you go from 10 to 12?

**Mr. LaRue:** Two years ago.

**Mr. Fortier:** In answer to...

**Mr. LaRue:** Well, some very small—for example, an advertiser will say "Can I have all of Canada except the Maritimes or the Atlantic Provinces" and physically if we can do it—well, we do have but one advertiser who does it...

**Senator McElman:** Who would ever say that?

**Mr. LaRue:** Well, someone who does not do business in the Atlantic Provinces.

**Mr. Fortier:** What percentage of your advertising finds its way into the 12 regional editions?

**Mr. LaRue:** Twenty per cent.

**Mr. Fortier:** Twenty per cent only?

**Mr. LaRue:** Mostly national advertisers who have something specific to say in a given market. By that I mean, well, you can take Seagram's for example who might only sell or stick to a brand in Ontario.

**Mr. Fortier:** Yes, I was thinking of liquor.

**Mr. LaRue:** Or travel advertisements. Eastern Airlines, for example, is not interested in the west. They don't go to the west. They are interested in Toronto, and other cities in the east.

**Mr. Fortier:** Department stores would—the T. Eaton Co. Ltd., for example, give you advertising...

**Mr. LaRue:** We have had advertising from the men's department of one of the major stores. This is purely local advertising. We have found that it does not come to *Time* easily. Mostly the national advertiser who has something else to say or a product among his line of products which is marketed in a specific area.

**Mr. Fortier:** Is this the Toronto regional edition that you distributed this morning?

**Mr. LaRue:** Well, I don't know which regional edition it is quite frankly. Sometimes it is hard to tell. Please, please, don't ask me how you do that.

**Mr. Fortier:** Well, then I am tempted to ask you?

**Mr. LaRue:** You see you can see a code on them, usually TM-1 or TM-2. This one here could well be the Quebec edition or the Ontario edition. I don't know which one they sent us from the printing plant.

**Mr. Fortier:** How many regional editions do you have in the States? I have seen the figures but I just can't recall.

**Mr. LaRue:** Adding them up very quickly, I would say 25.

**Mr. Fortier:** Well, following on Senator Prowse's earlier questions you have a heck of a lot more regional editions in proportion in Canada than you do in the United States.

**Mr. LaRue:** Yes.

**Mr. Fortier:** And all this in competition with daily Canadian newspapers, weekly Canadian magazines, monthly Canadian magazines which don't have the resources that you have. Are you playing fair with your competitors?

**Mr. LaRue:** Am I playing fair without competitors?

**Mr. Fortier:** Yes.

**Mr. LaRue:** I am competing with my competitors. What is unfair about that? It is a free competitive society.

**Mr. Fortier:** It seems to me that you are dealing from a position of real strength.

**Mr. LaRue:** Well, of course we are. We have a magazine in demand here in Canada and as I said, Mr. Fortier, in my opening remarks it all begins with the reader acceptance of the publication whatever it is and *Time* has a certain reader acceptance of its own here in Canada.

**Mr. Fortier:** But aren't you behaving in such a way that it is becoming increasingly difficult—in fact, history has proved it—for any valid competitor to come up and say "O.K., we will challenge you now, *Time* magazine". You are protected by legislation in so far as *Newsweek* and other American magazines are concerned and as far as Canadian magazines are concerned they just cannot stand up to your resources. Now, they are faced with 12 regional editions.

**Mr. LaRue:** They themselves have more regional editions than we have.

**Mr. Fortier:** Well, they are just trying to keep up with big brother.

**Mr. LaRue:** They lead big brother.

**Mr. Fortier:** Well, it seems to me that if in the United States you have only 25 regional editions with four million odd readers and you have 12 in Canada with some 400,000 readers, you know, there is a sense of disproportion here.

**Mr. LaRue:** Well, I think it has something to do with the difference in the markets.

**Mr. Fortier:** Could it also have something to do with the difference in the competition?

**Mr. LaRue:** I would think that greater competition in the United States, you know,

would bring us to answer more people competitively, more entities competitively. I don't know whether there is a relationship that you can establish in America between the number or regional editions we have in Canada and the number of regional editions we have in the United States with the circulation comparison, and with the population structure.

**Mr. Fortier:** I think your competitors for advertising dollars would have a ready-made answer for that.

**Mr. LaRue:** We are being unfair by answering the needs of the advertising marketplace?

**Mr. Fortier:** No, I don't really mean that.

**Mr. LaRue:** We don't create regional editions and then go out and look for advertisers. We have to sense some sort of need for it and when I said we have a Canadian edition ex the Atlantic Provinces, we had I think it was a trucking or moving firm in Winnipeg which said "We would like to buy *Time* (Canada) but we are not willing to pay what would be waste unless we can have the market we need", and we said physically, now we can handle it and so we received a contract. I suspect that is how most changes take place in regionalizing magazines or newspapers.

I see Mr. Mannion in the room—supplements I believe on occasion regionalize, and I suspect it is because, like in any other business situation, there is a certain demand for it. That demand is being met and provided through service emitted by the medium for the advertiser. I do not know how to compete other than to compete, and I think it is a healthy thing and I think it generates business in the magazine industry, to have a healthy competitive situation. I think we heard Mr. Nobleman say something like that as well and Mr. Brander would agree also, I believe.

**Mr. Fortier:** Healthy?

**Mr. LaRue:** Healthy, yes, and progressive.

**Mr. Fortier:** Who is healthy?

**Mr. LaRue:** Healthy?

**Mr. Fortier:** Yes, who is healthy in the Canadian magazine industry—*Time* and *Reader's Digest*?

**Mr. LaRue:** Certainly.

**Mr. Fortier:** Are the others healthy?

**Mr. LaRue:** You will have to ask them.

**The Chairman:** Well, I think we are back to where we were earlier this morning.

Senator Prowse?

**Senator Prowse:** The success of *Time* in Canada is obvious evidence that there is a need for *Time* in Canada or for a news magazine?

**Mr. LaRue:** Yes, sir.

**Senator Prowse:** With the penetration you have and the strength you have behind you at the present time, would you think there would be any hope at all of a Canadian news magazine being launched successfully?

**Mr. LaRue:** Well, as I said earlier it is a very risky business and there is no way to tell for certain that this could be done. It is possible though that it could be done as Canada grows, as the population grows, and as the community with the people interested in this sort of journalism grows. The financial resources in my judgment would have to be great.

**Senator Prowse:** Now, suppose you weren't here any more then on the basis that *news-week* is. In other words you didn't have this special legislation—don't you think then that the very vacuum might persuade somebody now in the publishing business—one of the big dailies in Toronto perhaps, or a couple of them to get together and to then produce a Canadian news magazine?

**Mr. LaRue:** Well, that is a toughie.

**Senator Prowse:** Well, the question is how much do we pay for what we get?

**Mr. LaRue:** I don't think there is room for just one—I think there is room for another one provided someone is willing to take the risk and die. I will be quite frank and say that one of the reasons that *Time* does what it does is that in providing the service to the reader on a worldwide basis under 24 or 25 subject headings every week requires, demands 35 bureaus around the world and how this could be duplicated these days is a matter for very deep thought, and I just don't know. *Time* started in 1923 rewriting the *New York Times* and over the years as it became more popular and evidently needed it grew and was able to afford one, two, three, four, five different bureau and the war created different needs, and it goes on and on, so

there is an evolutionary process which has now taken some 47 years.

*Newsweek* started in 1934, I believe, and they have followed that same pattern. There is syndication, for example, in this field whereby a publication with worldwide circulation and resources will sell what it has in the magazine week-to-week to what they consider foreign country local magazines trying to do a similar job. They are selling those resources which the buyer doesn't have to pay for, or invest in, or capitalize in, and so the economics of this, sir, are great. Once you have created it and built it it becomes a thriving business.

**The Chairman:** Senator Prowse, do you have many more questions?

**Senator Prowse:** Well, Mr. Raley has been here and since we are talking about change I was just wondering if he would have something to tell us.

**The Chairman:** Yes, I thought we might turn to Mr. Raley for a discussion for a few minutes, but we will do that in a moment or two.

Mr. Raley, I apologize to you at once that we have not called on you as we have been so interested in our other witnesses that we just haven't turned our attention to you. We are interested and you are welcome. Perhaps if there are other questions for Mr. Scott or Mr. LaRue we can deal with those very quickly and then turn to Mr. Raley.

Mr. Scott, I would just like to ask you one line of questioning. It says in section 106 of your brief—this is a quote from Mr. Grunwald, the managing editor, and he says the following:

"Of course, I have to admit, and even claim, that *TIME* is biased. It is impossible to make judgments without some set of preconceived ideas or prejudices."

Of course, I agree with him and I will ask you, Mr. Scott, what are *Time's* corporate biases on prejudices?

**Mr. Scott:** Well, this verges into the area of philosophy. Corporate biases and prejudices—I suspect there is a bias in favour of success, a bias that corporately we think in terms of success being valuable. I am not conscious of a construct corporate bias, but there may be a subconscious one come to me.

**The Chairman:** Well, what I really mean is—



**Mr. Scott:** It is difficult to grapple with.

**The Chairman:** Well, that is fine. Let me ask you another one which may assist you. Peter Gzowski when he was here—you know him I am sure—said that *Maclean's* is a special interest magazine and its special interest is Canada. Would one of your prejudices be in favour of Canada?

**Mr. Scott:** Unmistakably yes.

**The Chairman:** Well, then I put a third question to you. Doesn't an American magazine have a special responsibility when it attempts to lead as you have said Canadian public opinion and how do you meet that special responsibility? In other words what is different at *Time* in this area than at *Maclean's* or *Saturday Night* because you are, after all, an American magazine and have these prejudices—success being one—I am not suggesting that you are not a good Canadian, I know you are, but surely there is a special responsibility in this field?

**Mr. Scott:** Yes, I think there is a special responsibility.

**The Chairman:** Well, what is it and how do you meet it?

**Mr. Scott:** Well, I think it evolves from our identity, who we are, and it evolves from the fact that we are the only magazine that is dealing in news with the frequency and distribution that we do. *Maclean's* is not doing that nor is *Saturday Night*. How do we meet it—well, I attempt to meet it by simply doing the best job I can. Now, that isn't a very helpful answer but there are not conditions on me, I don't think, that make it difficult to feel that the point of view that is implicit in the Canadian pages is a helpful comment in Canada. I think it supports what Mr. Fortier rather solicitously said yesterday was the Canadian notion. I think the notion exists as well as the nation and we are seized with this.

Senator, does that answer your question or do you wish to draw me out some more?

**The Chairman:** Well, we would like to hear from Mr. Raley and that perhaps I feel I don't have the time to draw you out some more but if I might quote Mr. Pollak's article again, and these are his own words—*Time* is "the weekly house organ of the American's Dream." Are you the weekly house organ of a Canadian notion?

**Mr. Scott:** Well, I guess we are getting into a hybrid form here, but I would say that we address ourselves to the Canadian notion and sympathetically as a group of Canadian writers and researchers and myself in Montreal who are intensely involved in the life of the country, and several of our correspondents have written books out of their experiences and added to the Canadian dimension—Martin Sullivan's book, for example. I think we are involved as people and sure, we express the Canadian notion.

**The Chairman:** Senator McElman, you had a supplementary question?

**Senator McElman:** Mr. Scott, there has been a great deal of editorial writing lately in Canada with reference to what has been termed as the rising tide of Canadian nationalism. There has also been a good deal of reference to anti-Americanism which is in the lesser sense of nationalism. In this context I have heard a good bit of comment with respect to *Time* which could perhaps be shaken down in this fashion. Isn't it darned convenient that the Canadian nation only makes enough news a week for four pages of *Time*?

Now, I understand completely that there are four, five or six pages and seven on occasion, but we are dealing with the reactions of people and I suggest that if you ask 40 people today how much of Canadian content there was in *Time*, the answer would be four pages.

With this background do you not feel that there is rather a burning challenge—I know you talked about this earlier—to develop a greater coverage of Canadian news. Do you not think that this feeling which I suggest is there and growing indicates to you that some form of competition must emanate from us. I don't know what the form would be and that you must early on impress upon your principals at head office that something must be done about this.

**Mr. Scott:** Well, I think that that is an eloquent statement, senator, and I am glad to have heard it. I do feel—as you said I have discussed this before in terms of *Time* being what it is—that in attempting to apply the same standards of judgment of newsworthiness that we have been able to do a fair job. Now, this may indeed be no longer sufficient or at least our rate of response may be insufficient but I think it is something we have to be vitally concerned with. I don't have in my

own mind a full blown notion of how, applying the standards that we do, we could spring immediately into a new format or a new approach in the Canadian section. I think we do think seriously about the point of view that you expressed and I think we will have to do some more, and will.

**Senator McElman:** Let us say that there is something of a burning issue that affects both the United States and Canada. Could you conceive of a story—a treatment in the World section of the magazine which gave the U.S. national viewpoint and in the Canadian section on the same matter an entirely different viewpoint?

**Mr. Scott:** No, I don't conceive of it happening, Senator, simply because it hasn't happened. It hasn't happened in the course of the last eight years where we have had such an issue. Now, in the course of that time we have discussed issues of sensitivity on both sides, but I am not so sure I could say national politics took it on both sides. For example, the recognition of China, trading, the Canadian wheat trading with China, Arctic sovereignty and the auto pact perhaps is another example. In all of these instances we have been able to report what we felt we should report without any strain between the Montreal and the New York editorial offices, without anybody ever having to compromise a point of view or the fact that it hasn't happened does make it difficult for me to conceive of a precise issue in which this might occur.

**Senator McElman:** In matters such as oil carriers in the Arctic, the continental fresh water usage supply—let us say—could you conceive of a burning editorial from the U.S. national viewpoint in the U.S. edition and the opposite burning editorial in the Canadian edition?

**Mr. Scott:** No, I don't think so. I think the coherence and the consistency in the magazine that I spoke about before—I think we would be inclined to resolve that situation. I don't think we would have a situation for sections of the magazine—one against the other. A lot of things change so quickly these days, I don't really know.

**Senator McElman:** Well, it is quite hypothetical I am sure but in such an instance which viewpoint would predominate?

**Mr. Scott:** In the end, senator, the magazine is an American magazine which we have dis-

cussed—it is owned in the United States and I just can't possibly imagine that happening. It is really hypothetical and unreal to me.

**The Chairman:** May I then perhaps conclude the session—I know there are other senators who have questions, but I am going to make this suggestion. I am more than aware of the fact that we haven't heard from Mr. Raley, but I have just spoken to Mr. LaRue and suggested that some of us, including myself, if Mr. Raley would be available, we would proceed to have lunch with him and I know he has some opinions which we would be interested in and I know I have questions that I would like to ask him which would certainly go on for another hour and I don't think that would be fair to the witnesses, to the press, or to the other Senators. I don't know, Mr. Raley, whether you want to say anything for the record or not...

**Mr. Deane D. Raley, Jr., Printing and Planning, Corporate Products, Time Incorporated:** No, I have nothing that I really want to say.

**The Chairman:** Well, that being the case and if you are available for lunch...

**Senator Prowse:** Is there any chance for Mr. Raley coming back this afternoon after lunch?

**The Chairman:** Well, I don't think there is, senator. We have two briefs this afternoon, *Actualité* and *Sept Jours*, and I really think it will be a full afternoon.

**Senator Prowse:** Well, you can tell me about your discussions later.

**The Chairman:** I think that perhaps I should conclude this session by saying, Mr. LaRue, I think it is apparent, and was apparent by the speech I made in the Senate proposing the committee that some of us share Senator O'Leary's concern about the future of the Canadian publications and I suppose like Senator O'Leary was and probably still is, and as far as many of us are concerned, we find ourselves rather ambivalent when it comes to *Time*. I think, as was apparent from the questioning, we are concerned about its Canadian citizenship and at the same time we understand, and I think we appreciate, the magazine's enormous success.

All in all this has been a very useful discussion and if at times we seemed aggressive we apologize, and I am sure there are other questions we haven't asked and would still like to do we may not call you again publicly but may want to see you privately. I am



particularly mindful of the fact that both you and Mr. Scott have been very helpful to us since the inception of the committee and most helpful today, we are most grateful.

Thank you very much.

The Committee adjourned at 1:00 p.m.

The Committee resumed at 2:30 p.m.

**The Chairman:** Honourable Senators, may I call the session to order.

I have two announcements which I will make. One is that I inadvertently this morning said that we had postponed the Dalton Camp presentation until the fourth of April at four o'clock. For the record that should be the fourth of March rather than the fourth of April, I am sorry.

Also we have received a telegram which I will read into the record. The telegram is signed by Phil Sykes and Douglas Marshall and I quote:

"Newspaper reports of hearings of your Committee are leaving impressions grossly unfair to Charles Templeton. Committee's questioning apparently overlooked fact Templeton publically supported by creative staff of Magazine which knew of harrassment he received from corporation executive."

"Templeton neither saint nor genius but his resignation genuinely sacrificial act in interest of Magazine's integrity and independance from corporate harrassment, stop. Release to press was made only after president of corporation refused discuss matter with Templeton. He acted to protect editorial freedom and to protest corporation's manoeuvres to emasculate *Le Magazine Maclean*, Staff declared it would work at magazine only if corporation undertook respect office of editor." "Corporation did this after two meetings with staff representatives including ourselves. Several weeks later at the time Gzowski appointed editor. Corporation interference in editorial operation ceased from day of Templeton resignation so apparently he achieved larger objective. Committee's questioning to date has produced massive rationalization but no straight recapitulation of facts. Having lived through these events we feel it important that record should be set straight.

Phil Sykes and Douglas Marshall, *Maclean Magazine*."

**Senator Smith:** Signed by whom, Mister Chairman?

**The Chairman:** This is signed by Mr. Phil Sykes and Mr. Douglas Marshall, *Maclean's Magazine*.

The first brief we are going to receive this afternoon, honourable senators, is that of *Actualité*. The representatives of the magazine are sitting with me at the front. On my immediate left Mr. Bédard, on my right Mr. Ewing, Mr. André Bellerose, on my extreme right and on my extreme left Mr. Jean-Louis Brouillé.

It is my understanding, Mr. Bédard you are the Director General but that the opening statement will be made by Mr. Brouillé.

The Senators have not had an opportunity to read your brief as it was not received as requested three weeks in advance. It is not in a complaining sense that I point out that most of us are seeing this brief for the first time so you will undoubtedly take that into account in your approach this afternoon.

We usually allow fifteen minutes to amplify, expand or explain your brief. You may do so now.

**Mr. Jean-Louis Brouillé, Editor-in-Chief, Magazine Actualité Inc.:** Thank you, Mr. Chairman.

[Translation]

**Mr. Fortier:** Mr. Chairman, please. Before commencing, would you mind repeating... Mr. Chairman spoke so quickly. Would each of you please identify himself again and indicate his position?

**Mr. Jean-Louis Brouillé, Editor-in-Chief of the Magazine, "Actualité":** Jean-Louis Brouillé, Editor-In-Chief of the magazine "*Actualité*".

**Mr. Simon Bédard, Vice-President, General Manager of "Actualité":** Simon Bédard, Vice-President, General Manager.

**Mr. Grégoire Ewing, Public Relations Manager of "Actualité":** Grégoire Ewing Manager, Public Relations.

**Mr. André Bellerose, Assistant General Manager of "Actualité":** André Bellerose, Assistant General Manager.

**Mr. Brouillé:** Members of the Senate Committee, for reasons which would be inopportune to recall at this time, the magazine, "*Actualité*" a monthly French-language periodical, did not deem it proper—and I



refer here to some remarks made by Senator Davey at the beginning—to present an elaborate brief to you regarding the various problems connected with the mass media and which your committee would have to study in order to derive valid policies for the future.

I shall not read you the complete text. I simply want to give you the highlights of the brief we are presenting this afternoon. I must point out to you, all the same, that we would like to thank you for your insistence that we come before you to submit these brief statements, if only to make you more aware of a situation which we consider to be of considerable importance, both to the future of French-speaking Quebec and, consequently, to the future of Canada as a whole. I would draw your attention immediately to—and would ask that you take careful note of—the fact that we consider the position of the magazine *Actualité* in the magazine world to be not only special, but unique.

In this introductory section, we are reviewing the importance of the media, and of the magazine as such. We must point out that, with the onset of the '70s, now that the impact of the electronic media has been felt—and I would say accepted by the public, it has undoubtedly brought about an evaluation of society as a whole—the world community—and not only Canadian society. It would appear that the magazine medium is to be called upon to play a specific role in the coming decades which will bring us up to the year 2000.

The statement I have just made is not unfounded; it is supported by the evidence of specialists and experts who have devoted many years of their lives to the magazine world. Furthermore, you have heard one of them, I believe, Mr. Nobleman. I will spare you the entire quotation but you will find at the bottom of page 3 of the brief presented by *Saturday Night*, that Mr. Nobleman states: "Magazines will do this in relatively narrow but extremely pertinent terms. And since pertinent is what magazines will be, they will be the pertinent medium of the Fulfilment Society." In other words, magazines will contribute to this fulfilment of society.

Thus, the positions we take are based on these powers. Furthermore, the role of the magazine in modern society—I would say, not so much the role, as the individuality of the magazine—is based on these functions because of all mass media, the magazine is perhaps the one which enjoys the best perspective for analysing situations. Along with

daily newspapers, it devotes time and space to reviewing this mass of information which pours in daily from the usual media, electronic among others. The magazine is the only media capable of creating a kind of digestive synthesis from this mass of news, presenting commentaries which call for more research, and providing more objective and valid viewpoints.

If we can accept this as the basic criteria of the "magazine medium", we will be able to grasp its contribution to all aspects of social life, especially the economical and cultural ones—in short, to all aspects of society. We will be better able to understand the role which a magazine like "*Actualité*" is called upon to play, since it is the one and only truly French-Canadian magazine. This means that it is the property of French-Canadians, written by French-Canadians for French-Canadians, and conceived, both to satisfy a recognized need and from a knowledge of the social climate.

However, our magazines have had difficulties in the past due to the presence of the other media. I am referring now to the magazine in general, which has difficulties which are of a special nature. The O'Leary Commission called attention at that time, in its report published in 1961, to the problems facing magazines. The problems were of a special nature for all Canadian magazines, and the invasion of the Canadian market by American magazines was deplored. The significant presence of two magazines in particular, *Time* and *Reader's Digest* including the French version, *Sélection* were singled out. Yet this problem, deplored by the English-Canadian magazine still exists today. For us, a French-Canadian magazine, the problem is even more complicated, because besides having the same difficulties as the English-Canadian magazine (for the simple reason that, fortunately or unfortunately, a good proportion of French-Canadians are bilingual) our readers also read the American magazines. Moreover, English-Canadian editors have for the past 7 or 8 years maintained a policy of publishing French-language editions in the French-Canadian setting of Quebec. These are, for the most part, translated articles which, in our opinion, do not present an accurate picture of the social climate. Just as the Canadian Government declared in the O'Leary Commission, that it is impossible for Canadians to expect to achieve an individual culture when they only read the American magazine (which approaches our problems with an American

interpretation), I believe, is it impossible for English-Canadian writers to really grasp the French-Canadian mentality, living outside of Quebec as they do.

In spite of all these difficulties, one thing is certain. "*Actualité*" was mentioned in the O'Leary Report almost 10 years ago. It was mentioned in the chapter on small reviews when the Report suggested that the government lend some support to them since collectively they do make a certain cultural contribution. Well, that small review "*Actualité*" to which they referred 10 years ago, has become, in spite of the difficulties I have indicated, a large magazine, printing some 125,000 copies and reaching the four corners of the province—in all approximately 400,000 readers. It is a monthly magazine, publishing a minimum of 64 pages a month, with the largest editions reaching a volume of 120 pages. It is also a magazine which takes the time each month to publish a supplement on subjects of particular interest, to our own industry, i.e., pulp and paper; or social and global pre-occupations, i.e., we are publishing a supplement on marriage and the automobile industry, etc. We have an editorial content which is of general interest and which relates to the editorial content of all the big magazines.

"*Actualité*" has made such strides that we have been accepted by MAB, and our name now appears alongside such magazines as *Time*, *Readers Digest*, *Maclean's* and *Chate-laine*.

The world of advertising has, and is continuing to show itself now to be more and more interested in the magazine "*Actualité*". Our advertising returns have felt the effect—and for which we are pleased since, like any other magazine, we cannot perform miracles and depend on advertising to meet most of our production costs.

However, our voice is muted to some extent. The magazine is written in the French language, and unfortunately, there are still far too many advertising agencies who, not knowing French, are forced to rely on a few isolated statistics, instead of finding out for themselves the value of the editorial content of our magazine.

In conclusion, I would like to say that if Canada is to be bicultural, if both cultures are to have a part to play, and if we believe that one culture must use tools to carry out its role, then it is essential that we make every effort in the future to insure that "*Actualité*" not only continue to exist, but that it be called upon to play an even larger role.

We say this, even though there exists in Quebec one government-supported radio and television station in the French language, as well as private French language radio and television stations, and even though Quebec has some very well-written daily newspapers. We even say this while taking into consideration the new dimensions indicated for the magazine in the coming decades. This leads me to add, gentlemen of the Senate, that if "*Actualité*" were not in existence, you would have had to find the ways and means of bringing it into being. Thank you.

[English]

**The Chairman:** Thank you very much. Mr. Bédard, is there any other statement or do you wish to say anything else? Do you wish to add anything?

**Mr. Simon Bédard, Director General:** No, I think that is enough.

**The Chairman:** Thank you very much. I think we will perhaps turn to the questioning period. Mr. Fortier has the first question.

[Translation]

**Mr. Fortier:** Mr. Brouillé, given the fact that the magazine "*Actualité*" does exist, to use your own statement, it is therefore not a question of this; the problem does not lie in the creation of the magazine, but in its continued existence. Are you specifically asking the present government, be it provincial or federal, for assistance of a more concrete nature so that the magazine may carry on?

**Mr. Brouillé:** I believe this question was raised in previous investigations of this kind. I do not think that any press organization would want to receive assistance either in the form of grants, or in the form of privileges, because the press, to be able to continue playing the role it has to play, i.e. assuring the right of the people to be informed, must have as much freedom as possible. What we are asking the government—unfortunately, I skipped a few things in order to get through as quickly as possible as I was anxious to hear your questions—is this: if the government is being honest with itself in claiming that Canada has an identity of its own and that they (the government) must work harder towards building it up, then the government should take steps—not in granting privileges and exercising a kind of paternalism over the Canadian press—but towards subjecting the foreign press to certain entry requirements so that the Canadian press is permitted to develop on its own.



**Mr. Fortier:** The Canadian press, in other words, and you are including here, both the English—and the French-Canadian press...

**Mr. Brouillé:** Certainly.

**Mr. Fortier:** . . . are in need of protection in order to survive; is this not so?

**Mr. Brouillé:** I don't like the word "protection"!

**Mr. Fortier:** . . . are in need—you spoke of grants and then discarded the possibility of government subsidies—and rightly so in my opinion. Do you mean to say that this protection is necessary for the control of . . . ?

**Mr. Brouillé:** I'll give you a concrete example—that of the postal rates. Do you think that the postal rates imposed on Canadian periodicals by the Postmaster General, Mr. Kierans, tend to favour the expansion and advancement of information media in Canada? We are not seeking protection or privilege. We simply do not want stupid policies created. It is as straight-forward as that.

**Mr. Fortier:** According to Mr. Kierans and his way of thinking, postal rates do constitute a form of subsidy, since, as he says, magazines, and for that matter, all second-class mail, are not paying the full amount it costs to transport, say for instance, "*Actualité*" from the printer to the reader.

**Senator Beaubien:** Has the increase had a great effect on you?

**Mr. Brouillé:** I will ask Mr. Bédard to answer that.

**Senator Beaubien:** Mr. Kierans' postal increases?

**Mr. Bédard:** Let us say that it could represent an increase of 75 per cent in our annual administrative costs. There again, may I point out, "*Actualité*" is not an isolated case. By way of reference to the problem the postal increase has managed to create in French-speaking Quebec, it was said at one time that we must have the communication media, that we must develop through communication with the 20th century. Yet, when we see all the organizations which have had to abandon their review or their bulletin due to this increase in postal rates...

**Senator Beaubien:** Were there many?

**Mr. Bédard:** In the province of Quebec, in the Quebec market, an estimated 30 or 40

small reviews have disappeared to date. In fact, they were often representative products of all the organizations. Then, as a result of the increase in postal rates, you have certain reviews among others experiencing a 100, 1500, and even 2000 per cent decrease in circulation.

**Mr. Brouillé:** To return to Mr. Fortier's question, I took the trouble before coming here to the Committee, of phoning the United States to find out what the postal conditions are for American magazines which distribute to Canada. In the States you have a population of about 200 million; in Canada, we have 20 million. Our Postmaster General should handle and direct here all American publications entering the country, and we, in turn, should send them our modest contribution.

At the time of the O'Leary Report in 1961, the Post Office Department was busy patting itself on the back over the fact that they were due to absorb an additional \$900,000 in income through an agreement, or by virtue of international agreements on postal rates...

**Senator Beaubien:** In Canada?

**Mr. Brouillé:** In Canada, yes. I wonder if a large part of the deficit Mr. Kierans is trying to cancel out, isn't due to the large administrative. . .

**Mr. Fortier:** He recognizes this.

**Mr. Brouillé:** He recognizes this. But, what is he doing to alleviate the situation...

**Mr. Fortier:** He says that right now in the Post Office Department, second-class mail expenditures comprise a \$7 million item which may be attributed to what is referred to in English as an "overflow circulation".

**Mr. Brouillé:** Yes.

[English]

**The Chairman:** Senator Everett?

**Senator Everett:** Excuse me please, I think three million is straight overflow. Another three million to special reader mail, that is mail on this side of the border.

[Translation]

**Mr. Fortier:** Certain American magazines, that is correct. Some American magazines are printed in the States and then mailed to Canada, are they not?

**Mr. Brouillé:** "Newsweek" for example, is shipped by train to Toronto and then mailed from there.



**Mr. Fortier:** The total is \$7 million in all. He recognizes this and say that even if he took that \$7 million and applied it somewhere else, the Post Office Department would still be absorbing a substantial deficit.

**Mr. Brouillé:** In connection with the question you were asking a few minutes ago, as to whether we wanted protection or grants, I have this to say: should the Canadian Government not be studying this problem as was stated in our brief. It is not a question here of introducing an embargo into a system of free exchange, in any case, not a general embargo. But could there not be policies be introduced which would foster progress and prosperity both in the English-Canadian and in the French-Canadian world, in the medium which we consider indispensable?

**Mr. Fortier:** Imposing tariffs, you mean?

**Mr. Brouillé:** So that it is more expensive to distribute American magazines here.

**Mr. Fortier:** In other words, customs duties! As Senator O'Leary recommended.

**Mr. Bédard:** Nevertheless, the fact remains: just as the postal service of a country belongs to the public so too does a communication medium such as a magazine. No one could never be said to be the owner of a magazine. It belongs to the thousands of people who subscribe to it. Certainly, looking at it from the business or administrative point of view, service charges are accepted as a standard occurrence. However, from the point of view of education and development, particularly at the present time in the case of French-speaking Quebec, we should—we must always bear in mind that whenever "*Maclean's* or "*Reader's Digest*" prints 2 million or 350,000 copies of a magazine, it costs them less per 1000 copies than it does us, despite the fact that we are often limited to 100, 130 or 150,000 copies. The maximum circulation a magazine such as "*Actualité*" could achieve, would probably be around 175,000 copies.

**Mr. Fortier:** 175,000 according to your calculations?

**Mr. Bédard:** Yes, about 175,000 copies. It would be something of a miracle for us to reach 200,000 copies.

**Mr. Fortier:** I think that running to 125,000 copies these days, is already half a miracle in itself.

**Mr. Bédard:** Due to the fact that we have to pay for colour separations, writing and editing...

**Mr. Brouillé:** Research.

**Mr. Bédard:** Yes, research, services and all the services involved in the production of a magazine—for example, the art department, which is a very costly item in itself. We have to print something that is acceptable, because the circumstances demand it. But, while we are printing, let's say, at a cost of approximately \$100 per 1,000 copies, or thereabouts, *Maclean-Hunter* or *Reader's Digest* is printing at a cost of \$70, \$76 or \$50 per 1,000 copies. Moreover, with the size of circulation they have, they can always get along, for instance, in the purchase of paper, or, for that matter, anything connected with production. Whereas, we are always limited.

**Mr. Fortier:** Yes.

**Mr. Bédard:** Just thinking of the case of the postal increases (which, in my opinion, were a restriction) makes me a little uneasy about the possibility of Mr. Kierans becoming Minister of Communications...

**Mr. Fortier:** He already is.

**Mr. Brouillé:** It was announced over the radio; I only found out myself this morning.

**Mr. Bédard:** He is or he is going to be, since, in fact, he has not yet fully taken up his duties. If he is right now Minister of Communications, and if he still remains unaware of the problems he has managed to create by increasing the postal rates, then I wonder just how much he is going to be able to serve the Canadian people in the field of communications.

**Mr. Fortier:** He firmly denies being unaware of these problems. Only last week, when he appeared before us, he told us that he was well aware of the problems, but that he was equally aware that there was a substantial deficit to make up and in order to do it he was trying to make the newspapers and magazines pay a more realistic amount, or, if you like, share of what it costs the Post Office Department to precess them.

**Mr. Bédard:** Mr. Fortier, if he had decided upon his course of action after making a careful study of the situation, perhaps he would have come to a different conclusion—that all soliciting by mail (commercial mail) and certain types of letters, reporting "X" or 100 per

cent profit, (since the public is burdened with such an amount of advertising for suitcases and so forth)—should be charged 20 cents apiece... But, there again it is the people who need cultural development who suffer.

**Mr. Fortier:** Yes, he could have divided...

**Mr. Bédard:** And we in the French market are particularly affected because we do not have the human potential to enable us to expand.

**Mr. Fortier:** The majority of your competitors—earlier you mentioned Maclean-Hunter, *Reader's Digest* and *Time* magazine—the majority of these enterprises are diversified. Have you already studied the possibility of a diversification in the case of the magazine, with communications?

**Mr. Bédard:** We are compelled by circumstance to diversify. We are compelled to study the possibilities of expansion. We are forced to find ways of collecting indirect revenue for the organization to make it profitable. However, one fact remains. Publishing a magazine is not a philanthropic gesture, there is the question of profits...

**Mr. Fortier:** It is legitimate.

**Mr. Bédard:** At this point, we are forced by circumstance to find other ways of drawing profits.

**Mr. Fortier:** Have you found other ways, or are you still at the stage of...

**Mr. Bédard:** At present, we are still in the study stage.

**Mr. Fortier:** Yes?

**Mr. Bédard:** We are conducting studies in co-operation with Les Éditions de l'Homme into the sale of books. Next month we shall consider a collection of books on the history of French Canada. But here again, before we can make profits, there is a considerable investment to be made; if we purchase a collection such as the history of French Canada in seven volumes, let us say, the purchase price for us may be between \$30 and \$38 per collection. We can probably sell it at \$68 or \$69, but here again, we must purchase a minimum quantity of "x" collections.

**Mr. Brouillé:** Let us say that when one has reached a certain maturity, there are many proposals open. We are now in the process of studying all these proposals. There are sever-

al which we feel are excellent, profitable and in harmony with our ideas on information and the dissemination of culture. But there is the investment aspect of which Mr. Bédard spoke and which presents a stumbling block, forcing us to proceed somewhat cautiously for the moment in this respect.

**Mr. Bédard:** On this point, one thing has to be admitted: some 14 months, 16 months, in fact 15 months ago, *Actualité* was doomed to disappear. It was finished. It was not because of poor administration, but lack of capital; we were going through a critical period. The group which I represent purchased the magazine *Actualité*.

**Mr. Fortier:** Can you name them for the record?

**Mr. Bédard:** They were Mr. Gérard Veilleux of Drummondville, Mr. Clermont Veilleux and myself. Nevertheless it required considerable investment on our part to give the magazine *Actualité* a new face. We were forced to make personnel changes; we brought in young people for the magazine, our average age is now 27 or 28.

**Mr. Ewing:** 28 years of age.

**Mr. Fortier:** You have experience Mr. Brouillé!

**Mr. Bédard:** For Mr. Brouillé, the important thing is that he is young at heart.

[English]

**The Chairman:** I think Mr. Fortier, if I may, Senator Everett has some questions.

**Senator Everett:** Are you finished on that line?

[Translation]

**Mr. Fortier:** I believe that he had not finished his answer.

**Mr. Bédard:** Therefore, owing to this investment and to a team which in fact worked 18 to 19 hours per day—and I am not lying to you when I say this—we have so far been able, I feel, to boost our image in French-speaking Quebec. I feel that at present in Quebec, people are beginning to take pride in the presence of the magazine *Actualité*. But here again, the task is not over. If we wish to play our true and official role as a magazine, we must ensure that our magazine is a means of rapid information for both men and women. There is at present an investigation being conducted in the United States the



conclusions of which indicate that if magazines are to survive, they must specialize. In the O'Leary Commission in 1961, I believe that there were several references to this.

Today, *Actualité* is specializing in a somewhat unique way for the simple reason that we do not have the population to support specialized magazines in every field. In the case of a magazine on interior decorating, it would be impossible to publish one just for the Province of Quebec. Therefore, we at *Actualité* have decided to include interior decoration in our magazine. The same holds true for the automobile. Accordingly, you see today a range of 17 or 18 monthly reports in *Actualité*. We have decided to publish a monthly supplement on industry, fashion or what have you, quite simply to offer a form of specialization and thus to attract readers. Our readers are now fully aware that in June we shall publish a supplement for Canadian businessmen similar to the supplement we published in November on skiing and snowmobiling. We are thus assuming a form of specialization through varied monthly supplements.

**Mr. Fortier:** And it is in this way that you meet the problem of increased specialization within the magazine industry?

**Mr. Bédard:** That is correct. Kindly note that we did not come to weep on anyone's shoulder, we did not come to ask for help. You will see that we are fairly plump, still smiling and that we nevertheless manage to eat. However, one fact remains. When you have—as happened recently—the arrival of a French magazine called *L'Actualité Hebdomadaire* which, at a given moment, decides to undertake distribution in the Province of Quebec, in a French market, my first reaction was to tell the distributing company that I refused distribution of the publication, that I would take legal means to force them to withdraw from the market. Here again, after consulting legal advisors, after doing a bit of research, I was told: "Mr. Bédard, if you can reach a friendly agreement with the organization, fine, you can withdraw the magazine; if not, it might take perhaps one, two years, and even then you may never manage to get it off the market."

At the same time, the same publishing company profited from our advertising campaigns on television and radio. Actually it deceived the public who, seeing the word "*Actualité*" on a newsstand, thought it was our magazine.

**Senator Beaubien:** Where was the magazine printed?

**Mr. Bédard:** In France. It is a magazine which belongs to the French government in liaison with certain French unions. It is a group of French corporations.

**Mr. Fortier:** Do you feel that the French magazine would attempt to do the same thing which the American magazine has succeeded in doing for some years now in Canada?

**Mr. Brouillé:** We have noticed just the same that any French magazine such as *Paris Match*, *Jours de France*, *Marie-Claire* in the Province of Quebec...

**Mr. Fortier:** *Express*?

**Mr. Brouillé:** *Express*. Those who will later appear before you may tell you that they are experiencing more difficulties than we are. They are weekly magazines, whereas we are a monthly. This type of magazine, the French magazine in general does not...

**Mr. Bédard:** In principle, it is not a question of direct competition. It is more a question of what attracts the eye. When you approach a newsstand, you see an array of magazines: you have *Express*, you have English, French and American magazines. People looking for a French magazine will purchase *Express* because they think it comes from the Province of Quebec. This is still detrimental to a magazine such as *Actualité*. This would be your role—in my opinion, I feel that this is the reason for the creation of the Committee—to suggest that the government establish regulations and controls and that, before permitting a publication to enter Canada, the government should undertake a study to determine whether or not the publication would be in direct competition with the magazine *Actualité* or *Reader's Digest*. Such a publication could endanger the survival of a French or English magazine. Accordingly, it should be determined whether or not the magazine should be allowed to enter. It is perhaps—and I see that you are reacting—but nevertheless...

**Mr. Fortier:** Because this is somewhat contrary to what Mr. Brouillé stated earlier.

**Mr. Bédard:** No. When you have French-language magazine, *Actualité*, and when suddenly *L'Actualité Hebdomadaire* arrives in Canada unbeknown to *Actualité*...

**Mr. Brouillé:** There is a confusion of names.



**Mr. Bédard:** It comes immediately into direct competition. There is no reason for this to happen.

**Mr. Fortier:** But there are legal resources, obviously, which...

**Mr. Bédard:** Nevertheless, we have to pay. We do not have the means, in a magazine, to pay for a three-year trial.

**Mr. Fortier:** Why not?

**Senator Beaubien:** All lawyers are in favour of this.

**Mr. Bédard:** In addition to this, in the Province of Quebec, there are some 200 or 300 American and English magazines on the newsstands. Even though there are some English-language magazines in the Quebec newsstands, at least they are Canadian. But when one is flooded by American magazines, when one is deluged by sensational magazines, detective, sex magazines and so forth, when we watch our children go up to a newsstand to purchase *Playboy* and similar magazines,—when we attempt to offer them educational magazines (magazines which will make them respectable citizens)—What do we get? We get rubbish.

A magazine is published in Quebec called *Vie et Carrière*. It is a magazine aimed at young people, a magazine of general interest. It is a magazine which has been in existence for five years and which was founded 10 years ago. Yet it has never succeeded in making ends meet although it has tried everything. Everything has been attempted both with regard to presentation and content. Why has it failed? Because we do not have the means of reaching young people, because young people are inundated with junk.

**Mr. Fortier:** With regard to the control you suggest, if I understand correctly, you make no distinction between the magazine originating from the United States and the magazine from France. You state that there should be uniform restrictions?

**Mr. Bédard:** I feel that with regard to the importation of magazines, there should be some form of control.

**Mr. Fortier:** It should be uniform?

**Mr. Bédard:** Yes. Whether French, English, Spanish or Greek. We should have some control. After all, we in Canada are not children. We are able to write, we are even capable of presenting agreeable products.

**Mr. Brouillé:** Does this...

**Mr. Bureau:** It is quite normal that such magazines should be found just about everywhere, in hotel newsstands, and so forth; a certain quantity should be allowed to enter for the benefit of American tourists. However, to allow them to take over the Quebec market, the Canadian market, I feel, is quite abnormal.

**Mr. Brouillé:** For my part, I would say that we must not deprive ourselves of something which can enrich, something which comes from outside; after all, there are countries greater than ours which have something beneficial to contribute. We must enrich ourselves with the finest which the human mind can produce but we must not allow ourselves to be destroyed or swamped with just anything. When we reach this point, everything good we have is in danger of disappearing, of being buried. I feel that...

**Mr. Bureau:** Here again, Mr. Fortier, I am going to give you an example. The other day you had *Saturday Night*, a well presented magazine. You have *Maclean's* which is a fine English-language magazine. When the New York advertising agencies purchase advertising space in *Life*, let us say, they will be reaching some 150,000 persons—I do not have the exact figures—in English-speaking Canada. For General Motors, Chrysler, for large international companies, what sort of market can *Saturday Night* represent? When they purchase a page of advertising in *Life* magazine, they know that they are reaching 350,000 to 400,000 readers including persons in both English and French Canada. This sort of thing is harmful to our colleague, *Saturday Night* magazine.

**Mr. Fortier:** What worries me a little is the control you suggest over the free flow of information on the pretext that a given magazine is not as good as yours. This is more or less what you are saying although I do admit that your magazine is excellent.

**Mr. Bédard:** Mr. Fortier, it is impossible for us to inundate our American friends; however, you will agree that they can destroy us. Given this fact, we can be realistic enough to say that we want to be friends, that we are desirous of free exchange. However, when it is a question of culture, of the education of our population however, we wish to retain a certain control; we are not Americans, we are Canadians.

**Mr. Fortier:** For my part, I claim that you exercise just such control in publishing a magazine such as *Actualité*, a well presented magazine which is read by 110,000, 125,000, 150,000 subscribers.

**Mr. Bédard:** Mr. Fortier, if we did not have men whom I would term stupid among other things, such as Mr. Kierans, we could often directly compete with such a situation. But today we are no longer capable owing to the existence of this whole plan.

[English]

**The Chairman:** Well, I think, gentlemen, for some time now Senator Everett has had a supplementary question. Perhaps he has a series of supplementary questions.

**Senator Everett:** No. What do magazines in Canada lose by virtue of the import or overflow of American magazines, excluding *Time* and *Reader's Digest*?

**Mr. Bédard:** I do not understand your question.

**Senator Everett:** What do they lose in revenues by virtue of the import of overflow American magazines?

[Translation]

**Mr. Bédard:** Might I ask you why you say with the exception of *Time* and *Reader's Digest*?

[English]

**Senator Beaubien:** Why would you exclude *Time* and *Reader's Digest*?

**Senator Everett:** Because for the purposes of argument they are Canadian magazines.

[Translation]

**Mr. Fortier:** The government has already recognized that these were Canadian magazines.

**Mr. Bédard:** As far as I am concerned, I have always considered *Actualité*, *Time* and *Reader's Digest* as Canadian magazines. We in Quebec are even proud that *Time* magazine and *Reader's Digest* are printed in the City of Montreal. However, with foreign magazines invading our newsstands—and newsstands are a good way of marketing a French Canadian magazine—we stand to lose a certain amount of revenue. We are in favour of supporting Canadian English-language magazines which have a right to survive. Many are suffering direct losses as a result of competition from American maga-

zines. With regard to the extent of such losses, I should like Mr. Crosbie of the Magazine Advertising Bureau to give us a few figures which might assist you further.

**Mr. Fortier:** We were given them yesterday.

**Mr. Bédard:** According to Mr. Fortier, these figures were given to you yesterday.

[English]

**The Chairman:** Senator Everett?

**Senator Everett:** I would like to have them again.

**The Chairman:** Do you have them again, Mr. Crosbie?

**Mr. John Crosbie, Magazine Advertising Bureau:** Unfortunately, I do not have them in my possession at this time, Mr. Chairman.

**The Chairman:** Do you want them this afternoon because they are in my office.

**Senator Everett:** I just wondered what the figures indicate.

**The Chairman:** Can you summarize them, Mr. Crosbie? I am sure you can.

**Mr. Crosbie:** Insofar as advertising income is concerned—if I understand the Senator's question to be: How much do we lose by people using American-based magazines to reach the Canadian public—this is an area in which there is no good factual answer that may be supplied because one has to go into the area of conjecture as to whether or not an advertised based in the United States would or would not have used the Canadian media had he not chosen for his own purposes within his own market to use an American magazine which happens to come into Canada.

For that reason we cannot answer the question I think you are asking.

**Senator Everett:** It cannot be answered.

**Mr. Crosbie:** Not in that context.

**The Chairman:** Was that the basic question you were asking.

**Senator Everett:** Yes. That was the basic question I was asking. Since that cannot be answered I wonder how germane this is to the problem that Mr. Bédard raises. Mr. Bédard then talks about the fact it is based on the newsstand, the area from which they distribute the bulk of their magazines.

How are the postal rates applicable, if that is the case.

[Translation]

**Mr. Bédard:** It is essential that we understand each other. I stated that newsstands are one of the best means of marketing, of soliciting readers, of making friends. However, with our magazine, 95 percent of our circulation is by mail.

**Senator Beaubien:** How much?

**Mr. Bédard:** 95 percent. We operate on a subscription basis but, nevertheless, the newsstand is important for us in gaining greater recognition. It is not enough to advertise over television and radio. If a product is advertised but cannot be found, it is like looking for a needle in a haystack.

**Senator Beaubien:** I understand.

**Mr. Bédard:** The matter becomes hopeless and from this arise all the problems related to the marketing of a magazine, our magazine, a magazine such as *Actualité* or a Canadian magazine. Does this answer your question, Sir?

[English]

**Senator Everett:** What is the circulation of *Life* in your circulation area?

[Translation]

**Mr. Bédard:** *Life* magazine must draw...

[English]

**Senator Everett:** Well now, there were figures given at that presentation yesterday. I do not know if Mr. Crosbie has them.

**The Chairman:** Have you got the *Life* figure with you?

**Mr. Crosbie:** Yes, I happen to have that figure with me. In the Province of Quebec, the circulation of *Life* is 35,827 issued circulation.

**Senator Everett:** What about *Look*?

**Mr. Crosbie:** *Look* is 26,639.

**Senator Everett:** Just one more; *Time*—have you got *Time*?

**Mr. Crosbie:** The Canadian edition—have I got that?

**The Chairman:** It was four hundred and fifty thousand, was it not?

**Senator Everett:** That circulation is not in contention with your circulation? We are talking about newsstand space.

It would seem that *Actualité* would get greater space as far as the newsstand operators are concerned? Did you say your circulation was one hundred thousand odd?

**Mr. Bédard:** It is not based on this idea.

**Senator Beaubien:** One is a weekly and the other is a monthly.

[Translation]

**Mr. Bédard:** It is not based on this idea. It is somewhat the same as selling catsup in a supermarket. If you are powerful enough to have six feet of shelf space in a supermarket to sell catsup, and if someone else has only one foot to sell catsup then...

You will sell much more catsup with six feet of shelf space than with one foot. It is somewhat the same thing for a magazine. Let us say that there are between 250 and 300 magazines in a newsstand. Perhaps seven or eight spaces will be left for the French-language magazines, and perhaps 25 or 30 for the Canadian English-language magazines. The American and European magazines take up the balance. The advantage of space becomes obvious. The space reserved for American magazines in our newsstands invariably harms Canadian publications which are not as numerous. And if you can prove to me that there are a series of Canadian consumer magazines which cover all topics on which the public may require information, then I shall withdraw my statements in this regard. I feel that these are conspicuous by their absence.

[English]

**Senator Everett:** It just seems to me that in the Quebec market you have, vis-à-vis, the imported magazines, a fairly dominant position.

[Translation]

**Mr. Bédard:** We certainly have a dominant position. However, when a person approaches a newsstand to purchase a magazine such as *Actualité* and then sees a picture of Mrs. Kennedy and Mr. Onassis on an American magazine such as *Motion Picture*, picks it up and buys it, then a Canadian magazine suffers; an American magazine has just been sold.

Just how much this benefits the Canadian people remains to be seen. It is the whole range of magazines which works against us.



You have *Toronto Life* who, I believe, are going to present their brief to you this evening. *Toronto Life* is a terrific magazine. You have *Toronto Life*, you have a host of Canadian magazines which deserve double their circulation but which cannot attain it quite simply because of the presence among us of people like this. I am not against the presence of foreign magazines, but at least let us have a limited quantity of them. Magazines such as *Life* and *Look* organize door-to-door sales campaigns and attempt to find French Canadians in the Province of Quebec, let us say, who will sign a three-year contract valued at \$80 whereby they will receive a French magazine and seven American publications—this is almost a case of entry by force. They show colour photographs to the housewife. Often there are women who purchase such magazines without being able to read a word of English or who, even if they do read English, simply look at the pictures.

[English]

**Senator Everett:** But the statistics do not bear you out though. The largest circulation magazine, according to these figures, in Quebec is *Playboy* at 89,764. You do not pretend to be competitive. You are saying, Mr. Bédard, that a person who buys an American magazine does not buy a Canadian magazine. I doubt if there is a Canadian magazine that in any way vaguely competes with *Playboy*.

**Mr. Bédard:** Senator...

**Senator Everett:** Just to make a point. The next one is fifty thousand, *National Geographic*—again a special interest magazine. You do not compete with that.

[Translation]

**Mr. Bédard:** I shall answer your question on this point. Do not think that the press which prints the magazine *Actualité* would refuse to print the breasts of a beautiful woman. Nevertheless, we must retain a certain standard and self-respect. If our neighbours wish to produce this sort of magazine, let them go ahead. However, to allow our young people to become immersed in this, to pay \$1 for a few pictures—which are very lovely, I admit, I often enjoy them—but there are limits. If you take a magazine such as *Vie et Carrière* which is devoted to young people, you have difficulty in extracting 35 cents from them. Then when they turn around and pay \$3 for a magazine showing naked women, well, you begin to ask yourself questions. A people's desire for sensation is easy to exploit.

Tomorrow morning, if I decided to print a magazine with naked women, whether it be *Playboy* or any other, I am convinced that I would sell at least 200,000 copies in the Province of Quebec. But where is Canadian culture, biculture, French culture in all this? With regard to inflation, if we could avoid foolish expenditures of this kind, we could control it too.

[English]

**Senator Everett:** Are you saying the people of Quebec should not have the pleasure of looking at the center spread of *Playboy*? Is that bad for them?

[Translation]

**Mr. Bédard:** No. It is not a question of whether that might be bad for them. I do not know whether you have already noticed French-Canadian women, but I think they are considered as beautiful women, aren't they?

**Senator Quart:** As a mother and a grandmother, I congratulate you, and not because I am against you but because I am for you. So I find that, especially for young people, it is a great, great danger.

**Mr. Bédard:** Perhaps you are going to find—I don't know—perhaps you think I lack resolve.

**Senator Quart:** No.

**Mr. Bédard:** At my age, perhaps I am right in being irresolute. At 27, a person can't do everything. It isn't a matter of those magazines being found in the bookstores, but in their being found in places of specialization. In those instances, I have nothing against them—but when they are found laying around everywhere, then I wonder.

How is it that a newspaper like *Midnight* will sell 600,000 copies in English and 150,000 in French to sell a pack of lies? And all that is yet another practice of American origin that has befallen us Canadians.

[English]

**The Chairman:** Senator Everett, is that all?

**Senator Everett:** I just wanted to make one point. I am sorry, I do not know what *Midnight* is.

**The Chairman:** You do not know what *Midnight* is? We will get you a copy and you will see. You can imagine.

**Senator Prowse:** The opposite to the *Noon*.

**The Chairman:** Senator Quart.

**Senator Quart:** Practically speaking, Mr. Chairman, there is a limit to where decency begins and ends. I am far from being scrupulous but at the same time I think some of these magazines now (especially all those ones that play up the new morality and sex)—you would think they just discovered it.

**Mr. Fortier:** You have discovered it many years ago.

**Senator Quart:** That is right. It is old hat for me.

**Senator Everett:** I am not interested in that type of magazine. It just worries me when somebody comes and says you ought to put an embargo on the importation of information from the rest of the world.

I suggest to you that in the figures that we have looked at in the last little while, there is no real indication that you are being hurt that badly by them.

Maybe we can look at it if you are being hurt extremely seriously but I honestly do not feel from the figures that we have just discussed that you are being hurt that badly. There may be other things by which you are being hurt. There may be other things we ought to look at but I do not see where you are being hurt by any importation.

I think we ought to be very careful before we start restricting the inflow of information.

**The Chairman:** Mr. Crosbie?

**Mr. Crosbie:** I would not want to leave with the Senators the impression—from what I said in response to a direct question about loss of income caused by the use of American magazines in Canada,—that this is not a sizeable concern.

As I said yesterday, when I had the pleasure of appearing before you, that this is the most prevalent topic that comes up in dealing with American advertising agencies based in the States and conversing with my office.

I am convinced from the numerous examples which I prefer not to identify here, as to the names of the American or major international advertisers who are using, to my knowledge, American magazines to reach Canada, that whatever the figure is, it is indeed a sizeable figure and a very real problem to local Canadian magazines.

[Translation]

**Mr. Bédard:** In answer to the Senator's question... It isn't a question... I am not

thinking of cutting off communications. When I say to set up...

**Senator Quart:** Again we see the advantage of being bilingual.

**Mr. Bédard:** I am not asking for communications, especially at the level of political and cultural news from our American or our European friends, to be cut off. But I do not see what a magazine like *Motion Picture* or *Police* and their like can honestly accomplish in Quebec culture to help us build a strong and united Canada. Often, it is said that all kinds of gadgets are found in the hands of the young people. These same gadgets have been found in the American magazines, or things like that. No, I am not saying that about a magazine such as *Business Week*, one that I appreciate and like to receive. Actually, intellectual magazines, or those of general interest for people from a news standpoint are nonetheless necessary. Between that and allowing oneself to be inundated by magazines which have no reason for being here in Canada, in our country...

[English]

**Mr. Brouillé:** What Mr. Bédard relies on is this: It is because of the variety of these magazines on the newsstands. Many people could make a comparison in the presentation and when the presentation acts as a stimulant, a special stimulant of something like that—you know, the human being is like this. He will prefer something that looks more luxurious than something else and it is not to the benefit of the Canadian publication.

That is the point which Mr. Bédard wants to emphasize.

[Translation]

**Mr. Fortier:** Although I have no wish to shift the emphasis of the problem, I feel obliged to ask the following question: To what extent is a magazine such as yours required to reflect contemporary society? To what extent is it required to satisfy the needs or the taste of the readers or to respond to the problem issues of the day?

**Mr. Brouillé:** I think it necessary to consider the needs, for as long as the needs require it and appear valid to us, we have to reflect all these needs that are being expressed. In other words, we must reflect the various trends of opinion—for instance, a certain development which has not yet stood the test of time, but which seems to have some value. We must assert ourselves. But I think that, in any case, the popular magazine should not,



nor can it other than with great difficulty, but what we call an "avant-garde"—magazine. It must be very flexible, it must be "avant-garde" in outlook, contain "avante-garde" material and not be systematically "avant-garde" if it is a popular magazine.

**Mr. Fortier:** To what extent has the magazine *Actualité* attempted to meet these requirements?

**Mr. Brouillé:** Let us say that with the means at our disposal, we have tried—being a monthly publication with an abundance of views, news, judgments and comments—to single out common denominators that will enable us to put them in their proper perspective.

**Mr. Fortier:** Am I right in inferring that the common denominators are the specialties Mr. Bédard was speaking about a little while ago? The vertical rather than the horizontal specialties?

**Mr. Brouillé:** That is to say, the magazine contains certain varied but regular articles consistent with the general interest and which provides practical and necessary information on given subjects which come up regularly. Even so, it is necessary to give the magazine a certain pattern and, furthermore, we have a "feature" article directly associated with current political, social, economic, artistic and religious issues, etc.

**Mr. Fortier:** That is something akin to the presentation of *Time Magazine*, is it not, Mr. Brouillé?

**Mr. Brouillé:** Let us say, material-wise, we have the same general interests and the same facts. So, the same elements are found as in *Time Magazine*, except that we do not yet have a representative in Vietnam or Korea...

**Mr. Bédard:** You're not going to have any.

**Mr. Brouillé:** We will not have any because that is not our purpose.

**Mr. Fortier:** I think that to have a circulation of 125,000 today is a success. I believe you were saying a short time ago that you were aiming for a circulation of about 175,000?

**Mr. Bédard:** How many people are there in the province of Québec?

**Mr. Fortier:** Five million French-Canadians.

**Mr. Bédard:** Don't you think that when one has a circulation of 200,000 it could then be called a success?

**Mr. Fortier:** Evidently, in your case, it would be a great success just the same.

**Mr. Bédard:** 125,000 is a normal figure.

**Mr. Fortier:** How did you attain that level?

**Mr. Bédard:** By door to door sales, by promotion and by television. It takes work, continual work.

**Mr. Brouillé:** Do not forget that Mr. Bédard, if he were to think of it now would impress upon us that 14 months ago when the new owners acquired *Actualité*, the subscribers of *Actualité*—I would say, almost 75 to 80 per cent were one year customers. Now, over the past 14 months, 60 per cent of the customers have been holding subscriptions for one year, two years or longer and there is even quite a high percentage of 3-year subscribers. These figures show that the public responds to, is aware of and cares about the improvements that have been made to the product.

**Mr. Fortier:** And the companies that publish it too?

**Mr. Brouillé:** In their case, if we wanted a reaction to the improved product, it would come from the advertising agencies, because we don't work miracles. Like the other magazines, we rely on the advertising agencies to ascertain whether a medium is valid and whether it will reach a steadily growing public. We are being presented with an increasingly stronger patronage. All these factors constitute sound reasons for making *Actualité* a worthwhile advertising medium.

**Mr. Bédard:** Nonetheless, Mr. Brouillé does not mean that publicity and the advertising agencies do not understand us.

**Mr. Brouillé:** No, besides, we say as much in the brief.

**Mr. Bédard:** At the present time, we feel that the advertising agencies really want to start the ball rolling.

**Mr. Fortier:** Actually, this 125,000 circulation is something like the riddle of the chicken and the egg. Am I right in saying that when you acquired this 125,000 circulation, you did it without the publicity you have today?



**Mr. Bédard:** Officially, yes.

**Mr. Fortier:** I think it is well-known fact. Advertising comes once you have become established on the market, does it not?

**Mr. Brouillé:** That's right.

**Mr. Fortier:** Did you meet that problem?

**Mr. Bédard:** Circulation is a very important point, let us say, with regard to the advertising agency. It represents from 50 to 70 per cent of the decision. There is also the matter of presentation and editing. Some agencies now run offices in Montreal and have some French persons on their staff who voice their opinions on, let us say for instance, the magazine content. *Actualité* then takes a stand and asserts itself. There is a struggle on the editorial level—a struggle a magazine has to fight—that is to say, the struggle to cast the seed in the people to fight the squalor that surrounds us.. the filth we find almost everywhere.

**Mr. Fortier:** Did Mr. Brouillé say earlier that the world of advertising is showing itself to be more and more congenial?

**Mr. Brouillé:** Yes.

**Mr. Fortier:** Was it due to the presentation of your product that this increased congeniality was shown?

**Mr. Brouillé:** Let us say that there has been some progress. *Actualité* celebrates its 10th anniversary this year. So this progress has been long coming. It took 6 or 7 years for *Actualité* to be considered seriously in the advertising agencies, but this recognition now exists, confirming what Mr. Bédard was saying a little earlier on—that currently we have no cause to complain of the reception given the magazine *Actualité* in the advertising world.

**Mr. Fortier:** Did that help you join the M.A.B.?

**Mr. Bédard:** The Magazine Advertising Bureau? I think that in the field of information, it is a step forward. Amongst other things, I congratulate Mr. Crosbie for the work he has accomplished within the organization, because the magazine, with respect to its revenue, frequently did not have the means to pay for all the research and through the association, it can now be afforded. From the marketing aspect, it is sensational all that the Magazine Advertising Bureau is able to

do for us at the present time, and, in my opinion, that should not go unnoticed. The presence of the Magazine Advertising Bureau is a great stride forward.

[English]

**The Chairman:** I think Senator Everett has a supplementary question on this.

**Senator Everett:** In your oral statement you said that you were having difficulty. The advertising agencies were not informed on *Actualité* due perhaps to the language difference.

**Mr. Brouillé:** Yes.

**Senator Everett:** I wanted to know what you had done to overcome that. Is the Magazine Advertising Bureau the only method that you have used to overcome that?

**Mr. Brouillé:** No. I would not say that. We have our agency the Paul L'Anglais Inc. Agency with offices in Toronto, where we keep some people there as representatives and they can give information concerning the contents and validity of *Actualité* among the agencies posted in Toronto.

[Translation]

**Mr. Bédard:** Even so, I believe it is nine months since we became members of the Magazine Advertising Bureau and that, let's say, was the starting point. I think we shall derive a great deal from that in the future. Today, nevertheless, all it has given us is something along the lines of recognition, among the leading Canadian magazines because, we have to admit, the Magazine Advertising Bureau is composed of leading Canadian magazines. So when a magazine joins the Magazine Advertising Bureau, it has obtained the satisfaction of being an important French-Canadian magazine.

**Mr. Fortier:** Was it hard for you to gain admission to this Bureau? Was your circulation checked by ABC?

**Mr. Bédard:** At the outset, I believed it would be hard, but I was surprised. We received a warm welcome, and people quickly informed us about everything that could happen within the organization, and they even tried to give us certain suggestions so that our magazine could already be presented on a par with the other magazines. No animosity was felt on the part of the people from *Maclean-Hunter*, *Reader's Digest* and *Time* magazine towards the magazine

*Actualité* with regard to its application to join the organization.

**Mr. Fortier:** We have been told here that if Senator O'Leary's recommendations had been accepted by the Canadian Government nine years ago, and if *Time* and *Reader's Digest* had been barred from the Canadian market as Canadian entities, the magazine industry would have disappeared. Can you make any comment on this? Does this remark hold true in the case of the French-Canadian magazine?

**Mr. Bédard:** That is after all a rather strong statement.

**Mr. Fortier:** I think you can see why. The argument was that they had such a large share of the piece of cake that if they were to disappear, would not a part of the advertising they were receiving be necessarily directed towards *Maclean's* or *Chatelaine*?

**Mr. Bédard:** No, the magazine is a tool—a most important news medium. In future, the magazine is going to replace many of the daily newspapers, and even if *Reader's Digest* or *Time Magazine* had gone out of print, that would not have changed anything. It would have increased the revenue of organizations such as *Maclean-Hunter* or all those groups. I do not believe it would have affected the magazines to the point of saying that the magazines might have disappeared.

**Mr. Brouillé:** The presence of *Time*, *Reader's Digest* and *Sélection* did not prevent *La Revue Populaire*, *Le Samedi* and *La Revue Moderne* from disappearing in Quebec.

**Mr. Bédard:** Actually one often has heard talk of a special status for Quebec. Where magazines are concerned, we are somewhat in that position. It always comes back to the cost of production in relation to the market, and if a person could say he has a chance of selling to a population of 17,000,000, it would greatly change the look of things. Unfortunately, a person is going to sell English magazines to French-Canadians more easily than he will sell French magazines to the English. Do you understand?

**Mr. Fortier:** Do you make sales outside Quebec—in New Brunswick, for example, or in Manitoba?

**Mr. Bédard:** Let's say that we have a few subscribers in those provinces. *Actualité* itself is in the process of being completely restructured. First and foremost, the success of a magazine or publication depends on the

administration, and it takes a very strict administration under a maximum of control.

[English]

**The Chairman:** I think Senator Everett has a supplementary.

**Senator Everett:** No, it's not a supplementary.

**The Chairman:** It is another question altogether. Fine.

[Translation]

**Mr. Fortier:** You produce a magazine, do you not, that could be read by French-Canadians in New Brunswick or by French-Canadians in Montreal?

**Mr. Bédard:** Officially, yes. But, the means of reaching the French-Canadian in New Brunswick—you know the situation with regard to *Evangéline*—is so costly for us. I am not referring to mail consignments—whereas formerly 2½ cents was the price mentioned, today it is 6 cents. If you dispatch 100,000 envelopes, you are talking of several thousands of dollars, whereas formerly a person could, in spite of everything, keep himself going by a profitable rate on the return mail. It should not be believed that when you send out 1,000 envelopes, you receive 100 subscriptions, because in mailing it is quite difficult to obtain a balance which permits us to survive.

**Mr. Fortier:** Is there any room in Quebec for another genuinely French-Canadian monthly magazine?

**Mr. Bédard:** Hardly. There would be some difficulties, all the same, because *Maclean's* is there, after all. First, the authorities have decided to make a French version of *Maclean's* in which a large part of the translation and some articles will be of Quebec origin. But, you come across an odd English part translated. And in that case too, with the prolific supply of magazines and weekly and daily newspapers, it would be quite difficult to make a place for oneself in the sun. That is what we might call a problem in the life of the magazine *Sept Jours*. In order for a magazine like *Sept Jours* to be able to make its own way and establish a patronage, which could make it viable, it would take another \$2,000,000 to \$3,000,000 in investments. When you ask a businessman to invest \$2,000,000 to \$3,000,000 in a magazine, you can be sure he is looking at the Stock Exchange and industrial listings. He takes a look at the industry and then frequently, his decision changes.



**Mr. Fortier:** Is *Actualité* a magazine which is economically viable today?

**Mr. Bédard:** *Actualité* is viable, and it is going to become more so because, definitely, a series of magazines is going to be developed which will enable us to have "proof administration" and which will permit us to really survive and hang on. I am not telling you that we will make millions with the magazine, but we will survive.

**Mr. Fortier:** Are you not afraid of the technology of the future?

**Mr. Bédard:** No, because the magazine will complement television and radio. It should never be forgotten, publicity-wise, that you can always advertise a car on television, or you can always advertise Air Canada on television, with a fine colour commercial. But you will never be able to put on television the coupon you see here at the foot of the Air Canada advertisement, just as on television you will never be able to give the technical specifications required to advertise a vehicle. With television, you cannot turn your screen back five minutes to see through the Chrysler commercial again to find out what they said. But in a magazine you can always move around from page to page.

**Mr. Fortier:** If we are to believe the word of some erudite persons, we will perhaps be able to do that with our TV sets within the next 10 years.

**Mr. Bédard:** Perhaps.

**Mr. Brouillé:** That is to say, if they provide the time for using them at the same time.

[English]

**The Chairman:** Well, Mr. Bédard, the reference to *Sept Jours* reminds me we do have another witness this afternoon. I am afraid we must terminate this session.

After I turn to Senator Everett who has, I know, a question, then I am afraid we must perhaps move on unless anyone has another final question.

**Senator Everett:** You stated Mr. Bédard, that in your judgement the magazine will replace the newspaper. Would you care to discuss that further?

[Translation]

**Mr. Bédard:** Today, you have to work. I mean, the individual who really wants to work, has to work between 12 and 14 or 16

hours a day. In the evening, when he gets home, he often does not have the time to open a daily paper to see 123 or 126 pages and glance through them. It is true also of the businessman who is inclined towards more specialized reading—and, more particularly, the one who wants to keep up with the provincial news but is not interested in crime, theft, and all the licentiousness that one can have in life today. He will know very well that he can find in the magazines all the information necessary to satisfy his soul, all presented in a condensed, digested form and pleasantly presented, that is to say, without dirtying his hands. When you pick up a newspaper you have to pass between the sensational news items on the front page and proceed to the obituaries on the back page by way of the advertisements and "specials" that offer one cent less on a can of tomato juice, ect. The magazine is really going to become man's medium for obtaining news rapidly and simply. Moreover, that is what makes *Time Magazine* such a success. You shouldn't imagine that the person who reads *Time Magazine* from the international standpoint is going to be fully informed, and the same applies to *Newsweek* too. Often, in *Time Magazine*, you will see a news item that ran 400 lines and three columns when published in a daily newspaper condensed to 15 lines. The news item was embellished for you in the newspaper; in the magazine you were given the general idea of the news item, containing either the outcome or the actual consequence of the news, and that is all. When you come across certain articles, let's say, which may interest the hunter, golfer, skier, prospective bride and so on, in a newspaper, you do not have the facility for presenting them so appealingly with coloured photographs etc. That is where the specialized magazines and other magazines are going to gain ground with the people by their presentation, due to their colours and their condensed editing, as well as all the possible and impossible new articles.

In the evening, in the case of a daily paper, if you have sold 74 pages of advertisements and publish them on a 50/50 basis, you have 74 pages of copy to put in your daily newspaper. I do not need to tell you that you do not have the material for producing 74 pages of copy every day. You are compelled to use the blocking technique and in doing so you are obliged to arrange the pages in a way that is pleasing to everyone, and in such a way that people will read from page to page. That is why, in a given situation, you put back the



end of the article, started on page 1, to page 32, and at other times, from page 1 to page 32 and on to page 54, and vice versa.

Now, the magazine is the simple medium due to its format, its condensed editing and its contents.

[English]

**Senator Everett:** Do you think then that the newspaper will disappear entirely?

[Translation]

**Mr. Bédard:** I say that there will come a certain time when you will see large daily papers go out of circulation, just as you will see other weekly newspapers gain ground because, today, we live by the clock. Previously, on the contrary, we lived by our needs. If our needs were X, we lived with X; today, we live with time. When you have spent a day at work and you take an hour in the car to get home, and when you have a television programme on Channel 2 like "Format 60" which is a spoken magazine and gives you the facts, who is going to make you read a daily newspaper? Then, you know that all the reading left for you in the daily paper is often in the sports pages and the obituaries.

[English]

**Senator Everett:** We are told that part of the interest that a reader has in a newspaper is not only the editorial material but some of the advertising material. We are told that large numbers of people buy newspapers for the classified advertisements and also for the department store advertisements.

What would happen to that segment of the reading public.

[Translation]

**Mr. Bédard:** I can tell you that if all the buyers of advertisements were really what are called—well, it's an English expression "marketing men"—you can be sure that daily newspapers would often be hard put to sell advertisements. When you have an advertisement that takes up two 100-line columns in a newspaper like *La Presse*, and when you take 100 persons and ask them if they have seen such an advertisement when browsing through the pages of *La Presse* you are going to get some surprises. Perhaps, out of 100 persons, you are going to have one or two who have seen the advertisement, and then again perhaps 100 persons will tell you: "I haven't seen the advertisement." You are submerged in a sea, in fact, of copy and advertisements. When you take companies such as

Steinberg's and Eaton's and the like, who give you three, four, five or six pages, it can be extremely profitable for them because they fill up a complete section of the newspaper for you. You are more or less forced to look at those advertisements.

One thing needs to be considered. You often see advertisers in magazines, such as the automobile companies those companies advertise in the magazine quite simply because they can really illustrate the qualities of their products with the true colours and simple specifications, all on a single page without being inundated on all sides by other advertisers attracting attention in a variety of ways. From the publicity standpoint, I think that the advertising technique in Canada is quite well developed. I think more men capable of managing advertising budgets are being trained. If you think back 10 years, one didn't see so many "marketing" courses and courses in planning advertising budgets and so on. Today, you see them advertised more or less everywhere. When someone becomes really aware of the importance of advertising, on the return for dollars invested, you can rest assured that these investments are subject to much more control, and the magazine allows you some degree of control. There is still one thing. When you take a third of a column in a magazine, you can be sure you will not have three kinds of columns of advertisement one beside the other. You will have one third of a column. On another page, you will not have a page of advertising, but a page of copy. As for me, I know very well that often I don't have the time to read the daily paper. When I leave the office, I go for supper, meet a couple of friends and arrive home towards 11.00 or 11.30 p.m.—I must, after all spend a few minutes with my wife—and then I go to bed. The next day, when I arrive at the office, and if I happen to pick up a magazine—*Business Week*, *Actualité*, *Saturday Night* or any of those magazines, I will take the time to leaf through them while making a telephone call. I will flip through the pages while speaking, and I will look at the headlines and so on. It is simple and easy to do, whereas in the case of the daily paper, you have to make movements. There is a host of drawbacks to the daily newspaper. And, please note, I am now trying to sell you my product.

But, perhaps one day you will be buying advertising in the magazines.

[English]

**Senator Everett:** Thank you.

**The Chairman:** Thank you. Mr. Bédard, I am sorry. You said a few minutes ago that time is of the essence. I am afraid that is very much the case with the Committee. We must move on to our next witness.

I am perhaps one of those Canadians who is more familiar with English language magazines and indeed even with the American overflow magazines than I am with yours although I do see it from time to time.

I have been impressed with the presentation just as every time I go through the magazine—I do not mean simply this afternoon but also other times I have done so, I am always impressed with its appearance.

One of the witnesses last night, Mr. Lefolli made a reference to the feeling one has when he looks at a publication. I think what he was able to articulate—and which I cannot—is the kind of feeling one has when he looks at your magazine.

You said in your initial opening statement that you were delighted that we insisted you come before us. Having listened to the presentation, we are delighted that we insisted and by thanking you, I hope you will express our appreciation and that of the entire committee to your colleagues as well.

Thank you for being here.

May I say to the Senators, we will break now for five minutes and at 4.20 literally, we will begin the brief from *Sept-Jours*.

**The Chairman:** Honorable Senators, if we can begin, please. This afternoon we are receiving a brief from *Sept-Jours*. Sitting on my right is the president, Mr. Robert Allard.

Mr. Allard, I believe that you are going to make an oral statement now. Following your oral statement the Senators would like to question you on what you say now and perhaps on some things you do not say now. So why do you not just proceed.

**Mr. Robert Allard (Président, Sept-Jours):** Thank you very much.

[Translation]

Mr. Chairman, Senators and members of the Committee, I wish to offer my apologies for not having prepared a brief for the Committee.

My association with *Sept-Jours* goes back to March 1, 1969. At that time I thought of it as a long-term investment. I became General Manager of the magazine Jan. 7, 1970 when the former General Manager, Jean-Marc Provost left. I could not neglect my activities in other more profitable ventures in order to devote all my time to *Sept-Jours*. Due to the

emergency of the situation and the motivation to meet an interesting challenge, I am now Editor and General Manager of *Sept-Jours*. I shall remain there for as long as is necessary to insure the survival of a magazine which I believe provides an essential news service to French Canada.

Because of the many positions I hold, I did not have time to prepare a brief. However, I did not want to refuse the honour of appearing before you and presenting some thoughts to you concerning publishing and journalism in French Canada. I would also like to convince you of the need for a weekly news review in French Canada and encourage you to work toward something of this nature in English Canada.

*Sept-Jours* exists because, with situations changing from day, the public gets its news in bits and pieces from radio, television and newspapers. It follows that the Canadian citizen has to form his own impression of the news (with the help of his memory which is often faulty) which leaves him with a very inaccurate impression. Hence the need for magazines that provide a summing up of weekly news. Countries like the United States, France, England, Germany, Italy and others have recognized the need for such a service and have established weekly news magazines.

The Canadian reader if he wishes to obtain a synthesis of international news he has to rely on foreign magazines. *Time* is the only English language publication which devotes four pages to Canada. Obviously, a four page summary of Canadian news is grossly insufficient and does not constitute a valuable source of information for Canadians. The establishment of a publication in Canada similar to "*Time*" should be encouraged.

The only Canadian-owned weekly news magazine is *Sept-Jours*. After three years of continuous publication the circulation of our magazine is just over 11,000 copies per week. This may seem small to the average observer but we are aware of the difficulty involved in changing the reading habits of a public that has not yet become accustomed to reading a summary of the news.

Up to now only French Canadians with a level of education above Grade II have felt the need to read a summary of the news. Being bilingual they have satisfied this need by reading *Time*, *Express* or some other foreign magazine. The majority of readers do not yet feel the need of a summary of



Canadian news; we will have to be patient. The slow penetration of *Sept-Jours* may be attributed to an awkward formula, or perhaps the lack of a cohesive editorial team, or the search for a workable formula. But there is no doubt that the circulation of *Sept-Jours* will increase steadily. The new management has already begun to hire new staff and persuade the team to work more in the direction of a synthesis of the news. We believe that this policy will increase circulation more rapidly.

The frantic race to increase circulation by all sorts of artificial methods is responsible for the malaise experienced by publications of this kind in the United States, Europe as well as in Canada.

At the present time the only real source of profit for magazines is the sale of advertising which offsets losses sustained by the circulation department. This is an anomaly and *Sept-Jours* is trying to avoid this trap by collecting from its readers an annual subscription charge of \$10.00. This covers circulation costs and helps to pay publishing costs. This subscription policy assures us, in the language of the trade, of a better profile of our readers since it is obvious that anyone who pays \$10.00 for a subscription to a review is going to read it. All other magazines have come down to the point of paying the reader, in one way or another, to subscribe to their publications. The owners of these magazines (in Canada as well as in the United States) try to and succeed in defeating the purpose of the Audit Bureau of Circulation which is the vouch for the reader appeal of a magazine. We believe the advertiser is hurt by this: this is the reason that—in the long or short run—with radio and television on the basis of profit-earning capacity.

Concerning the criteria of excellence, it is obvious that any Canadian publication must be equal in calibre to publications from other countries. However the problem is by no means insignificant. The main problem that faces all French language magazines in Canada is that its reading public is necessarily limited. Yet the reader who is used to reading large American publications will judge our magazine according to the same standards of excellence of the magazines he has been reading. It is important that a magazine like ours, having the same quality of our presentation, colours, layout and editorials match the quality they are used to finding in *Time*, *Newsweek* or other publications of this kind. The criteria of excellence is based not

only on the readers but on the advertisers as well. This makes the handling of copy and editorial news difficult. We are judged on standards of excellence which are difficult for small establishments to maintain. Taking all these factors into consideration *Sept-Jours* is a very good magazine. We are convinced that the weekly news magazine will survive and will be read more and more as time passes by the Canadian reader.

[English]

**The Chairman:** Thank you so much.

I think that perhaps the questioning will begin with Mr. Fortier.

[Translation]

**Mr. Fortier:** I believe you were present a little while ago when Mr. Bédard told us that it would take two or three million dollars to make *Sept-Jours* a viable undertaking. Would you care to comment on this?

**Mr. Allard:** To date the total losses of *Sept-Jours* have been considerable, somewhere in the neighbourhood of \$450,000. These are losses that were sustained before I went to *Sept-Jours* a year ago. Last year the magazine's total losses were \$47,000. With a two to three million dollar loss before my arrival at *Sept-Jours* and only \$47,000 since I took over, I'll be there for another sixty years.

**Mr. Fortier:** Sixty years. How do you propose to deal with the problems that are assailing you from all sides? How do you propose to increase circulation on the one hand and not prostitute your product on the other?

**Mr. Allard:** I don't think that I will be in too much of a hurry to increase circulation. I am a believer in circulation and I believe that in my time I have had enough experience to be able to increase the circulation of publications. I believe in circulation if the readers do not suffer and if we don't have to give something away to get them to buy our magazine. I believe that this is a mistake that many magazines are making in America today.

**Mr. Fortier:** They attach too much importance to circulation as you said a while ago?

**Mr. Allard:** You can try anything, even twisting a man's arm to make him buy a magazine. There are all sorts of ways to entice him to buy seven magazines for the price...

**Mr. Fortier:** Is this done?



**Mr. Allard:** This is done. You can also give the reader three books of Shakespeare if he buys a \$2.00 subscription. There are all kinds of gimmicks. Magazines as a whole use gimmicks. But no one has yet taken the reader by the scruff of the neck and forced him to stick his nose in a magazine. How can you be sure that advertising gets results? As for myself I don't know what to think about this. At the present time I think that magazines are afraid of losing their advertising to radio and television. I think that this is because they are not sure of their readers.

**Mr. Fortier:** How are you going to get your readers?

**Mr. Allard:** I think it's a question of penetration, of the quality of the product. It's up to us to provide the quality that people want.

**Mr. Fortier:** You think that this will bring in advertising as well?

**Mr. Allard:** I think that advertising will increase with the demand for the magazine, of course it will.

**Mr. Fortier:** What is...

**Mr. Allard:** It's a question of results too, for when they say that advertising agencies have no way of knowing the effectiveness of an ad, they are wrong. They have excellent ways of measuring the effectiveness of an advertisement. If you take an ad like the one that appears at the back of the magazine, you have criteria on which to base its effectiveness. If the ad in our paper (with a circulation of 11,000) is just as effective as an ad in another magazine with a circulation of 20,000, I would go and see the advertiser because I would be assured of an interested reader instead of a reader who had been forced to buy my magazine.

**Mr. Fortier:** Have you an order of priority at *Sept-Jours* at the present time?

**Mr. Allard:** I expect that priority will be given to applying the formula that we have printed here, in French. I would like to outline the aims of *Sept-Jours*, state its policy and the objective of that policy: to provide the people of Canada with a summary of the important news of the week, avoiding news items in order to concentrate on the essential Canadian and international news; to be a conscientious objective digest of the news—the witness but not the judge of events; to have faith in Canadian unity while allowing for the diversity of opinions, the political out-

looks and the aspirations of its ethnic groups; to join in the search for a Canadian identity (conscious and proud of but not tied to its French and English ancestry) through its editorial pages; to offer constructive criticism aimed at solving current problems. In short this is the written formula, but I don't think it has really been applied to the magazine yet. It is up to us to see that the editorial team abides by this policy.

[English]

**The Chairman:** I wanted to ask you a question about the document you were reading from.

**Mr. Allard:** Yes.

**The Chairman:** Presumably this is an English translation.

**Mr. Allard:** Yes, it is.

**The Chairman:** I apologize to the Senators. I asked Mr. Allard if there were additional copies and there are not but I would like the Senators to see it.

I would like to ask a couple of questions arising out of what you have said. You said *Sept-Jours* is the only weekly Canadian magazine. It serves Canada as *Time* serves United States. Does *Time* not provide a service for Canadians?

**Mr. Allard:** If English speaking Canadians are satisfied with four pages of Canadian news—not Canadian news, but the Canadian synthesis of the news of the week—if you are satisfied with that I would say that *Time* is a Canadian magazine.

But you will have to be satisfied with four pages and giving them forty pages of advertising every week also.

**The Chairman:** Well, as a Canadian who is bilingual and who I am sure reads English infinitely more effectively than I read French, you do not think *Time* does a job for your purposes?

**Mr. Allard:** I do not think it does. Four pages of some news, of the Canadian news. If that is all that Canada has to say, well, I mean, that is very little.

**The Chairman:** Well, I think the most obvious question, without declaring myself on the question I have asked—and this is a question which was discussed at great lengths this morning when the *Time Magazine* people were before the Committee...

Have you ever considered an English edition of *Sept-Jours* for English Canada?

**Mr. Allard:** Yes, but that would be another \$3,000,000. I only have \$3,000,000.

**The Chairman:** Would you agree that there is a potential market there for someone?

**Mr. Allard:** There is.

**The Chairman:** To do exactly what you have done in Quebec?

**Mr. Allard:** I think there is. It would have been easier.

**The Chairman:** In English Canada?

**Mr. Allard:** It would have been easier to put out an English language magazine, yes.

**The Chairman:** Do you think that?

**Mr. Allard:** My only trouble is that I am French.

**The Chairman:** Mr. Allard, I apologize for asking you this question. It may not be fair to you but do you think that an English version of *Sept-Jours* published in Montreal or in Toronto could compete effectively with the Canadian edition of *Time*.

**Mr. Allard:** Very easily.

**The Chairman:** Would you care to explain how you think that would be possible?

**Mr. Allard:** Well, if you ask Canadians to talk about their own country, I think they can do it better than the Americans can do it. There should be in English Canada some very good journalists. I know an lot of them because I read English newspapers. I think you can do it.

The only thing is you need someone who will decide to do it.

**The Chairman:** Why do you not decide to do it?

**Mr. Allard:** I would be ready to do it. The only thing is let me go over the first three million and then I will go over the second three million.

[Translation]

**Mr. Fortier:** As for circulation, what figure would you be satisfied with? You might very well answer that you will never be satisfied. But what is the figure?

**Mr. Allard:** Twenty thousand.

**Mr. Fortier:** Only twenty thousand?

**Mr. Allard:** That's all I need.

**Mr. Fortier:** You think that if you had twenty thousand readers you would have a financially viable magazine?

**Mr. Allard:** Twenty thousand readers who I had not forced to buy the magazine.

**Mr. Fortier:** If you had your twenty thousand readers would you think about publishing an English edition thereby doing the reverse of what *Maclean's Magazine* did?

**Mr. Allard:** I've thought about that, but I'd like to clear the first hurdle before I start worrying about the second.

**Mr. Fortier:** Mr. Allard, how come we haven't yet had a weekly news review in Canada that managed to survive.

**Mr. Allard:** Why hasn't there been a weekly magazine that was able to survive?

**Mr. Fortier:** A general interest magazine like *Time* or *Sept-Jours*?

**Mr. Allard:** *Sept-Jours* is still alive!

**Mr. Fortier:** I'm sorry. How come there hasn't been an English magazine that was able to survive?

**Mr. Allard:** I think you'll have to ask English speaking people that question.

**Mr. Fortier:** I agree, but with your experience in the publishing business I'm sure that you have an opinion.

**Mr. Allard:** At the present time let us say that first class administrators must have a certain amount of publishing experience as well as administrative know-how. I think perhaps the English speaking types are making a good living in other economic fields. As for me, with *Sept-Jours* showing an annual deficit of around \$50,000, I can't afford to devote all my time to it. I have to make money somewhere else in order to keep *Sept-Jours* going, in the hope that at a given time I will get back what I will have put into it. I believe we have excellent English speaking editors and publishers in Canada but, for the most part, they are in the newspaper field. None of them wants to get into the magazine field. I don't know why.

**Mr. Fortier:** You say that you don't know why?

**Mr. Allard:** I don't know the exact reason.

**Mr. Fortier:** We are curious, because, just this morning, *Time Magazine* implied to us that that would please them.

**Mr. Allard:** They would hope...

**Mr. Fortier:** They would like to have a competitor?

**Mr. Allard:** I am prepared to do it, give me the means.

**Mr. Fortier:** Nevertheless it is extraordinary, as you say, that there were no English-Canadian publishers who had decided to leave the daily and went on to the weekly?

**Mr. Allard:** I think that that is a mistake. It would be absolutely necessary to come to a synthesis of information somewhere. It would be necessary and essential.

**Mr. Fortier:** Therefore, let us talk, Mr. Allard...

**Mr. Allard:** I can give you an example, when I speak of synthesis, for example. Something happens—let us say a postal strike, and we get bits and pieces all day or all week, or for two weeks. We get the information in bits and pieces—The trucks have been turned upside down; posters have been raised; negotiations have taken place. No one knows exactly what has happened, how that sort of thing started. What events led up to the strike and what happened since the strike? The same thing is true for the consequences that should be drawn from it. I am not saying that that is actually being done, I am saying that they are trying to do it. I think that eventually they will do better.

**Mr. Fortier:** Here, when you say, "I think that they will do better", why hasn't it been done better to date? What is the cause of it? Is it the newspaperman's incompetence, or is it the editors of the magazine until now, or what?

**Mr. Allard:** Let us say that, until now, there has been a problem among newspapermen. The newspaperman is used to (when we talk about the newspaperman on a daily) getting his news from a considerable number of sources. They have to choose from what arrives on their desk during the day, and they choose. There is too much news, too much information in one day to publish it all in a daily paper. Therefore, a selection has to be made. From that moment on, you have, I

would say, the most important information, or the information most likely to interest the reader. The newspaperman has not developed in the magazine information field since that has never existed in Canada. This feeling of synthesis, which is necessary to make this information magazine into the suitable type has not been developed. New training must be taken, an analytical spirit must be developed; he must start his letters over again and say: well, let's make a synoptic table, and from there, a synthesis can be made. Usually, the newspaperman does a great deal of memory work. I reproach them very greatly for that. Correspondents are asked, for example, to write in a magazine, and then when the article has been read, we realize that the man, at the last minute, says: Ah, I forgot my article for *Sept-Jours*. Then he does a mental exercise which lasts nearly three quarters of an hour, and he sends us his article, and his \$40 bill. This is a minor memory exercise, but I want to change that. I am saying that the newspaperman who writes in *Sept-Jours* in the future will have to come into the editing room and live in the editing room. If he wants \$40, I shall say to him: how much do you want an hour, and you will come and do it in my room. That is how it is going to be done.

**Mr. Fortier:** Until now, it has not been done like that?

**Mr. Allard:** I have been at *Sept-Jours* since January 7 and I began to have my typesetters come in because it is not possible to have a team of permanent newspapermen in all fields and have as large a list of contributing editors as we have. Here, we have some forty names on it. It is not possible to have 40 permanent editors.

**Mr. Fortier:** When this list obviously mentions assistants, these people are not full-time?

**Mr. Allard:** No.

**Mr. Fortier:** The correspondents are not full-time?

**Mr. Allard:** Not any more. They are not even regulars, in the sense that we receive an article from them every week. The way we go about it—if you are interested in finding out—is that we have correspondents in Canada. For example, you have some here, in Quebec, Winnipeg, Trois-Rivières, in the Maritimes and you also have some abroad. The agreement we have with those people is



that if the news that reaches Quebec (when it is sufficiently important, at the national level) it generally comes to Quebec one way or another in daily papers, on radio, on television. We say to ourselves there is something to look for in that area and we telephone a correspondent and ask him for a story. We write to him, we ask him for a story at that time because of the event that has taken place where he is. Thus, correspondents generally have one or two stories a month. That is how we go about it with foreign correspondents.

**Mr. Fortier:** To what extent do you edit or rewrite correspondents' stories?

**Mr. Allard:** At present, there is no rewrite done but we are planning to do so. However, we have to ask the correspondents for permission. At first they were not asked. When they are asked (and there will be those who will refuse) we will have to find a correspondent who will agree to the rewrite.

**Mr. Fortier:** That is obviously what *Time Magazine* does?

**Mr. Allard:** A certain unity is needed, a synthesis is needed.

**Mr. Fortier:** That is one of the reasons why you spoke a moment ago about assistants who are going to work with you full-time?

**Mr. Allard:** Yes. One cannot get enthusiastic, one cannot have a fervor for living, one cannot earnestly have written a synthesis in *Sept-Jours* if one does not see *Sept-Jours*.

**Mr. Fortier:** Are you in the process of building up that team?

**Mr. Allard:** Yes, we have started. First of all, in order to assure stability, I went out and looked for a rewrite secretary.

**Mr. Fortier:** Can I ask you the following question: is it easy to find newspapermen in French Canada who are prepared to do that synthesis work?

**Mr. Allard:** We would have to grab all the newspapermen in French Canada. But I would say, I do not blame the newspapermen, but I think that there is a lack of training and that not many courses in journalism are being taken. I will give you a rather astonishing example, in my opinion. One day, I asked the publisher of the largest newspaper in French Canada, I asked him how it was that there were not more journalists going to school. It

seems to me that journalists should have to go through editing schools. He said: Journalism is not learned in a classroom. I said to him that I find that that is rather a narrow outlook, just as backward as farmers 60 years ago.

When farmers were asked, 60 years ago why they did not go to agricultural school or why they did not consult an agronomist, they answered: "Do you think carrots grow in a classroom floor?" I am saying that journalism in general is not learned at school. Journalists say that it is learned in an editing room. But I am also convinced that it is not learned in an editing room, it is learned in the street. Journalism takes place where the event occurs.

**Mr. Fortier:** Do you have some experience with our journalism schools, for example Laval University and Carleton?

**Mr. Allard:** Let's say that I am not the best informed man. I am more a publisher than an editor in chief and I have no pretensions at the journalistic level. Let's say that as a publisher, I was Executive Vice-president of a company which, had four newspapers, including one daily, four radio stations and a TV station. I had an opportunity to see a lot of people at work. I think, from the information I have, that Laval would be reasonably good, Sherbrooke also, and that Montreal is weak.

**Mr. Fortier:** The journalists whom you have known in the written press, dailies, weeklies, etc., do you believe that those people would be able to adapt to the magazine format?

**Mr. Allard:** Journalists are not imbeciles. Actually they are very intelligent people. They can adapt to that just as to anything else. For example, I wrote down a few notes here. What we should demand, at the outset, from journalists, I think even before the job, in a publication, we should demand knowledge of the language.

At present, in editing rooms, and I add that I have gone on to *Le Petit Journal*—there were four copy editors for journalists to find out whether their copy was written in proper French. We had four copy editors, and I find this an anomaly. The journalist today says: "I do not have time to revise my copy." I think that at the outset, we should demand, before the man is hired by a publication, we should demand knowledge of the language. I think that we should demand a B.A. or its equivalent to ensure that the candidate has an all-

round general knowledge. We should also demand an interest in a specific area of information. At that time, I think that we would have candidates at the outset. But that would be only the start.

Once the journalist is on duty, we should at the least demand regular courses, and when necessary provide for, salary adjustments according to the diplomas he holds. Secondly, train journalists to develop a spirit of synthesis. Thirdly, encourage journalists to take courses on the changes taking place in his profession in order to qualify himself for higher positions. Fourthly, we should establish regular communications between heads of editing sections in the form of weekly meetings in order to have a work team. Fifthly, regular meetings should be set up between the heads of the various sections of the newspaper, advertising, editing, checking, circulation, etc. Thus, the key editorial men also know the problems which arise elsewhere. I have often had the experience of hearing journalists say: if we didn't have advertising, we could write.

If journalists could therefore understand that the advertiser also has needs. If we had an advertisement, let's say, for a fashion magazine, or a fashion shop, in the newspaper, it was a sure thing that there was a journalist who would have written an article on another fashion magazine which had never advertised with us. There was no liaison between the various sections. The sections are almost sealed off from one another in newspapers, in editorial rooms and in dailies. I think that regular meetings between the various section heads would be essential. Then, I think that specialists should be trained and put at the service of newspapers just as agronomists are at the farmers' service. I do not think that this is necessarily the function of the federal Government but I think that the federal Government could act as promoter in this field, foster such activities. Thus, in the field of agriculture, agronomists have been trained and sent almost everywhere to tell farmers: there are other ways of planting your carrots. Why could there not be specialists who would go into editorial rooms, at the administrative level, at the journalistic level, who would give advice. I have other suggestions here that I could....

**Mr. Fortier:** Give us.. ?

**Mr. Allard:** Perhaps yes, I do not know. How to attain professional quality in information. The field of education belongs to the

provinces, the federal Government must be content with acting as promoter through the creation of one or more agencies charged with the establishment of the general outlines of a program of action which would include: the main structures the establishment of administrative structures for newspapers. The government would not have to intervene but would prepare certain documents to be put at the disposal of publications which would set up administrative structures for newspapers. They would include: management, controls, advertising, editing circulation and publication.

Secondly, draw up organization charts or suggest organization charts for establishing vertical communications. Establish descriptions of duties of all positions of command at all levels, in order to establish horizontal communications. There would also be secondary structures, training programs for the members of each department of the firm: (a) courses to be taken; (b) personnel training; (c) working conditions; (d) personnel up-grading or retraining programs; (e) pension system brought in gradually.

At present, there is a major problem with regard to retirement. For example, we tell our journalist at 65, you are going to retire. The man thinks about it for 4 or 5 years, he is upset, he wonders what will happen to him afterwards. If newspapers had a system of gradual working towards retirement. For example, if we told a journalist: you are 61 and at 61 you work 4 days a week. On the fifth day, you are paid a proportion of your pension. At 62, he would work 3 days a week and two days would be a proportion of his pension, and so on. Then, when he reaches 65, he would already be used to having three days off, if we count Saturday and Sunday. Three days off, and four days off, five days off, six days off, depending on his age. At 65, the man has already learned to organize either his leisure time or a new career.

**Mr. Fortier:** That is quite an interesting suggestion.

[English]

**Senator McElman:** Mr. Allard, the last witness suggested that there could possibly be some means of restricting, not the entry of magazines from outside countries, but their numbers. How would you feel about that?

**Mr. Allard:** I do not know. I do not like restrictions. I have no opinion. I am not qualified to answer this question.



**Senator McElman:** You would not support such a thing?

**Mr. Allard:** I do not know. I would have to study the matter much further than I ever did, to give an opinion on this. I would say that I do not like restrictions.

**Senator McElman:** I am told that you savor some assistance or aid in distributing magazines to Canadians abroad. Have you any thoughts on this?

**Mr. Allard:** Yes. I think that if Canada sends Canadians abroad... the Federal Government or the Provincial Government... if they send Canadians abroad we have to keep them informed. If we have to keep them informed it can be done through many ways. I think the most economical way would be to give them a magazine in which they would have a synthesis... I think the word is right, is it?

**Senator McElman:** Yes.

**Mr. Allard:** If every Canadian abroad could follow what is going on in Canada, in their own country (because Canada happens to be my country and the country of those that Canada sends abroad) I think that these people would be informed of what is going on in Canada, I mean as far as the most important news going on in Canada are concerned.

When the people are coming back to Canada you would not need to adopt them back to the Canadian life because they would be informed of what is going on and I say that if there was any English...

**The Chairman:** Counterpart?

**Mr. Allard:** .. parallel to *Sept-Jours* which would produce a synthesis of the news of the week, I think it could be sent out to every one of them. I think *Sept-Jours* should be sent to Canadians abroad.

**Senator McElman:** Through a government agency, the Armed Forces and so on?

**Mr. Allard:** Yes.

**Senator McElman:** You cover news from coast to coast, I take it.

**Mr. Allard:** We try to.

**Senator McElman:** Do you give particular emphasis to news from the French-speaking populations, let us say, of the Winnipeg area or New Brunswick?

**Mr. Allard:** We have a correspondent in Winnipeg. We are trying to. Of course, the readers in Quebec are mostly interested in the news going on in Quebec more than that of New Brunswick or other provinces.

We have information coming from the rest of French Canada and we intend to keep on adding more as long as we are progressing with the magazine, yes.

**Senator McElman:** As a New Brunswicker, could I ask, what are your sources in the Province of New Brunswick?

**Mr. Allard:** We only have one correspondent there, Alexandre Boudriau and we have a correspondent from there and every time we see in the daily press something appearing which is pertinent to the Maritimes and we think it should be covered, we phone him and we ask him to send us a paper on the synthesis of what has happened.

**Senator McElman:** My estimation of your publication goes up very rapidly when you say Alexandre is your correspondent. I know him very well.

**Mr. Allard:** Yes.

**Senator McElman:** Do you have much circulation in New Brunswick?

**Mr. Allard:** Very little. We only have eleven thousand altogether. We cannot have too much in New Brunswick. I would say maybe—as only a very rough guess—maybe one hundred copies. That would be about all.

**Senator McElman:** There are about two hundred and forty thousand French-speaking.

**Mr. Allard:** We'll get to them some day.

**Senator McElman:** Primarily again, I would think there is rather a thirst for a publication such as yours.

**Mr. Allard:** Yes, but as Mr. Bédard and Mr. Brouillé have mentioned before it costs an awful lot of money to reach them and to sell them the magazine—to tell them that the magazine exists to start with and then to sell them the magazine and after that to send them the magazine (because at six cents a copy it is quite a lot of money plus the cost of the magazine itself).

**Senator McElman:** I am sure a person with your ingenuity could find one equal ingenuity in New Brunswick.



**Mr. Allard:** We will, but I only started on the seventh of January. Give me a couple of months yet.

**The Chairman:** This is a very dangerous question I am going to ask you. Does not anything ever happen in Toronto? I notice you have no correspondent in Toronto.

**Mr. Allard:** Let us say I show my slip.

**The Chairman:** No, but I am surprised that the biggest English-speaking city in the country has no correspondent.

**Mr. Allard:** As I told you before, I invested in *Sept-Jours* in March of 1969. To me it was a gesture to start with, with the expectation that some day *Sept-Jours* could become a valuable magazine for French Canada. I was not satisfied with the way it was run last year. I took over on the seventh of January. I should have thought of Toronto the first day I came in.

**The Chairman:** How would you cover it then?

**Mr. Fortier:** Touché!

**Mr. Allard:** We will have one next week.

**The Chairman:** Mr. Allard, I think Senator Quart has a question and Senator Everett has a question. I am not sure if Senator McElman was through.

**Senator Quart:** Yes, I have a question to ask.

**The Chairman:** Are you through Senator McElman?

**Senator McElman:** Yes.

**The Chairman:** May I go to Senator Quart first?

**Senator Everett:** Please.

**Senator Quart:** This meeting typifies something which I found in here.

May I say you speak such very good English. I think it would be better if I spoke in English because I get all mixed up with my masculines and feminines.

**Mr. Allard:** My masculine shows too.

**Senator Quart:** That is a normal thing, is it not? I notice in looking through your magazine and I must say I agree with many of your articles I have been reading.

**Mr. Allard:** If you will tell me more about your ideas, I will put more in.

**Senator Quart:** Will you? This may be something. You mentioned sending your magazine outside of Canada.

**Mr. Allard:** Yes.

**Senator Quart:** But did you ever think of sending complimentary copies to the Embassies?

**Mr. Allard:** All the Embassies are on our list.

**Senator Quart:** Do you send them copies?

**Mr. Allard:** Free of charge.

**Senator Quart:** They appreciate the "free of charge", I am sure and in the information offices, I am thinking of New York for several reasons.

**Mr. Allard:** It costs us \$25, a year, I think. I am not sure yet.

**Senator Quart:** Why would you not have some of the Senators frank it?

You have no woman's page, I notice.

**Mr. Allard:** No. We intend to have one starting very shortly. What I wanted to do is something the other magazines are not doing and that is to have what the women are doing and not what the women are wearing. That is what I want to have for the magazine.

**Senator Quart:** Or not wearing.

**Mr. Allard:** That could be a good idea. We had only recently a special issue on this.

**Senator Quart:** Well, I have just received this.

[Translation]

**Mr. Fortier:** "Sexual Freedom in 1969".

**Senator Quart:** I am against the word "freedom" for all women...

**Mr. Allard:** I am not against the word "freedom", I am against the word "sexual".

[English]

**Senator Quart:** I notice there is no cooking page in this. Don't you think les Québécoises would be interested in it?

**Mr. Allard:** Well, I do not think cooking fits into the synthesis of the news of the week.

**Senator Quart:** You would be surprised.

No, but on the other hand so little publicity is given to French-Canadian cooking.

**Mr. Allard:** I mean *Actualité* is doing such a fine job on this that we do not need to.

**Senator Quart:** You might explain to your readers (but it would be the English-speaking readers I think) what caribou is. We had a very nice reception and they served caribou. One of our Senators—he is not here now—was eating cretons with fresh bread and saying “isn’t this caribou wonderful”. I came in very flippantly and said—“this is not caribou”. Caribou is what you are drinking”. He said: “What is it made of?” I said: “Whiskey blanc and caribou blood”.

**Mr. Allard:** Caribou blood?

**Senator Quart:** Caribou blood—and the poor man nearly died. Then I said “no, port wine”. I think there are so many things that we have, you know, in Quebec, that could be publicized.

I notice your page for humour—I like a good laugh, there is nothing like it and I think this is good...

[Translation]

**Senator Quart:** The Omnibus Bill passed first reading by the House of Commons to legalize homosexuality.

[English]

**Senator Quart:** It would take a whole page to explain that to me.

**Mr. Allard:** That is what I call “synthesis”.

**The Chairman:** Senator Everett?

**Senator Everett:** That is a tough act to follow. I notice, sir, that in your list on your masthead you list the correspondents in New York, Washington, Geneva, Brussels, London, Paris and Rome.

How do you afford that with a circulation of eleven thousand?

**Mr. Allard:** It is very easy. It doesn’t cost that much.

**Senator Everett:** Are they stringers?

**Mr. Allard:** No. Whenever there is news that could interest the Canadian market—I mean our market—we call or send them a telegram that we want an article on such a subject. I mean they do not send us copies every week. They are only paid for the copy we request.

**Senator Everett:** What you would call stringers then?

**Mr. Allard:** I don’t know what a stringer is.

**Senator Everett:** This probably has been asked and if it has not, it is worthwhile asking: Why are you not a member of the MAB.

**Mr. Allard:** Well, we will have to start with being a member of the ABC.

**Senator Everett:** You are not a member of the ABC?

**Mr. Allard:** We are now. We will have a report next month, yes.

**Senator Everett:** You will?

**Mr. Allard:** Yes. I was not in charge of this newspaper before but by selling advertising, I must admit that they have increased circulation twofold by saying to the other guy: they have that kind of circulation. When I bought the newspaper I said I do not want to sell advertising under false pretenses so I lost all my salesmen. Also a bit of advertising.

Now we are trying to build up from an ABC Report.

**Senator Everett:** What would your ABC circulation be?

**Mr. Allard:** Eleven thousand.

**Senator Everett:** What percentage of that is paid, do you know?

**Mr. Allard:** All is paid. Before you came in I said that our subscription rate is \$10. and we would only have three campaigns during the year where we will have a special \$7.95 but nothing else.

[Translation]

I have a theory, on the sale of magazines in general that I defended a while ago. Perhaps I could repeat it, if you think that that is necessary. I think that, at present,...

[English]

I think that actually all the magazines are offering all kinds of gimmicks to recruit readers—offering seven magazines for the price of one or ‘we will send you the whole literature of Shakespeare if you send us \$2.’

I mean, you cannot force a reader to read your magazine and so we are trying to sell the magazine on the value of the magazine and at the price it is worth.

**Senator Everett:** Would it be your intention to join MAB?

**Mr. Allard:** Yes, very shortly, yes.

**Senator Everett:** Is MAB the best vehicle for getting advertiser acceptance, in your judgment?

**Mr. Allard:** I would not know because I am not a magazine man. I only started on the seventh of January in the magazine business. I was in the newspaper business. I don't know this business too well so I cannot answer your question.

**Senator Everett:** I would presume, from looking at the issue I have here, that you are having a little trouble getting advertiser acceptance at this point.

**Mr. Allard:** Yes, because when you tell advertisers for two and a half years that you have a circulation of twenty, twenty two, twenty three or twenty five thousand copies they accept, and if you sign a sworn statement to it all the better. But when I came along I said I refused to sign a sworn statement because that is not honest. So naturally the advertisers were very puzzled.

They asked us what was the circulation so I sent them all a copy and told them at the time we had eight thousand, four hundred copies—so we lost all the advertisers—not all of them: We lost fifty percent of them. Now we are trying to build up with the circulation we have. We are trying to sell what we have, not what we do not have.

**Senator Everett:** Did you have to reduce your rates?

**Mr. Allard:** Yes, by about twenty five percent and we have done it mostly on the colour.

**Senator Everett:** The reduction of rate was in the colour rate?

**Mr. Allard:** Mostly and the repetition of the ads. We gave them larger discounts for repeats.

**Senator Everett:** I know your experience in this particular situation has been short, but do you know if there is any problem in getting representation on the newsstand?

**Mr. Allard:** Yes. It is very hard to get recognition on the newsstand—it is practically impossible for a new publication. They wait until people demand it. If people forces

the newsstand to take a copy, they would take it.

For instance, there are ten thousand newsstands in the Province of Quebec. To cover these ten thousand newsstands you would have to send at least two copies per newsstand—that would be the minimum. So that is twenty thousand you would have to print and you would not even know which one has the magazine in advance.

So what would happen—this fellow would say “what is this? I don't know this”. They would put it behind the counter. They would leave it there until the distributor came to pick up the rest of the copies. He has other magazines to distribute so, I mean, you have to fight very hard to get recognition and its costs money too.

**Senator Everett:** In the Province of Quebec how many distributors are there? Or let me phrase the question this way: Are there a large number of distributors?

**Mr. Allard:** Are you talking about distributing organizations or firms, or are you talking about individuals?

**Senator Everett:** Not the individual stands—the actual firms that you would deal with for distribution purposes.

**Mr. Allard:** I would say starting with Montreal there would be four of them that I know of. But they do not all distribute magazines. They are not specialists in magazines. Most of them are specialists in newspapers. It is quite a different thing.

**Senator Everett:** Who is the magazine distributor?

**Mr. Allard:** I would say Benjamin Montreal News.

**Senator Everett:** Do they dominate the market in Montreal?

**Mr. Allard:** Yes, they do and something that I can mention to you is that when you deal with Benjamin Montreal News (which is approximately the only one who knows something about magazines), you have also Eclair, which is not doing a bad job either—Eclair is doing quite a good job but Benjamin Montreal News specializes in magazines.

Now, a fellow is not necessarily interested in your magazine. He is interested in getting as many magazines as he can because if he can get sixty magazines out of sixty magazines and if he sells two copies of each, he



sells one hundred and twenty magazines to each and every newsstand. So whether he sells yours or not, does not matter to him. It is whatever he sells—so he will do nothing to help you with your magazine. You have to fight your battles—so that may be one of the answers. To your previous question which I did not want to answer at that point because I was not well informed about it.

**Senator Everett:** I assume you have to take full returns on those magazines.

**Mr. Allard:** Yes.

**Senator Everett:** If you deliver twenty thousand to Benjamin Montreal News.

**Mr. Allard:** If they sell one thousand copies. You have to eat the nineteen thousand.

**Senator Everett:** If you are prepared to do that, will they give you a display.

**Mr. Allard:** No. They will even refuse to accept it. We have to accept one fact. If you are a news dealer or a newsstand dealer you want to have in there magazines or newspapers that sell fast, that will not take space in the stand for too long.

For instance, you have a copy of *La Presse*. You know you can sell four hundred and fifty copies very fast.

Well, your magazine, when it comes in there will be thrown anywhere. And if you give them fifty copies they will say: "I don't want it" because they have to count the returns and they have to account for each and every copy. They will say: "I do not want *Sept-Jours*". So the fellow says. "Give me a chance—I mean, I am forced to distribute it". So the fellow says: "Okay, I will take one or two copies", and he will put them behind the counter or put them anywhere around the place because they are not in demand.

Then we have to establish our own demand. That is the fight that we have to do. Instead of having two hundred and fifty magazines in Canada, if we had only forty to compete against, we would have a better chance to be recognized on these stands.

**Senator Everett:** If you were on the stand...

[Translation]

(Mr. Allard)...exposed, if you like, laid out...

[English]

**Mr. Allard:** Yes.

**Senator Everett:** Let us assume you were on the stand and you were displayed well on the stand. Would that make any difference to your acceptance?

**Mr. Allard:** I do not think it would make much of a difference to our acceptance. When you want to buy something and if a product is good, you are going to get it. You are going to ask for it.

I say it would help. I mean, if you want a magazine and if you are going to a newsstand and you ask for this magazine and they do not have it then, of course, you have missed a sale there. If there are enough people going to that same newsstand to ask for the same magazine, the fellow is not going to keep your magazine or he will have only a few copies.

It would help but not to the extent it would make a difference between success or failure.

**Senator Everett:** It is the subscriptions which make the difference?

**Mr. Allard:** Actually I am a newspaper man so I may be looking at it in a different way, but newspapers are sold on newsstands. Subscriptions are a small part of the circulation of a newspaper. I still want to find out if I can do the same thing with a magazine—make my fight on the newsstand.

**Senator Everett:** Is that a fact? You say the significant circulation of the average daily newspaper is through newsstands.

**Mr. Allard:** I would say so in the metropolitan area, yes.

When I talk about my own experience, I mean, I was the owner of the *dimanche-Matin* for twelve years. With *dimanche-Matin* we were selling all our copies on the newsstands for five or six years and we went as high as two hundred and twenty five thousand copies a week. That was before we started delivering the newspaper to the private homes. But out of a circulation of two hundred and eighty nine thousand copies, I think that we did not sell more than thirty or thirty five thousand copies that were from door to door. Subscriptions did not mean a thing. Subscription covered maybe one thousand copies, that is all, out of two hundred and eighty nine thousand copies.

**Senator Everett:** I am sorry. Maybe there is a problem of terminology to us to a certain extent. There is a difference, I gather, between door-to-door delivery and subscription.

**Mr. Allard:** Yes, because in door-to-door delivery—it is a messenger boy or carrier boy who goes and tries to have you become a subscriber. But you do not subscribe to a newspaper the way you do to a magazine. A magazine you take for six months or you take for a year.

When you subscribe to a newspaper you say: "Well, we'll take it for four weeks and then see". Then you pay every month. There is a different approach to the problem.

**Senator Everett:** You had experience as a newspaper man. You are now having experience as a magazine owner. Mr. Bédard has said that he thinks that magazines are going to replace newspapers, if I quoted him correctly.

**Mr. Allard:** Well, I am not a prophet. But I do not think they will.

**Senator Everett:** What do you say is the future of magazines?

**Mr. Allard:** Depending on what kind of magazines, I think magazines will go on increasing and probably will have a larger part of the audience. But I do not think they will replace newspapers.

TV has not replaced radio and radio has not replaced concerts or music. They are still there. Even more people are now going to concerts than before.

I think people need to be informed...

[Translation]

There is a psychological aspect to the question.

[English]

I think your reaction to the newspaper or printed matter is that you want to be sure. You hear the news over the radio, you see the news over the TV; then you go to your newspaper to be sure that what you have heard is correct or that you are well informed.

Why do you buy a daily newspaper? You do not read your daily newspaper every day but you want to be sure that it is there. But when you read it,—I have tried this with hundreds of people—you read only about ten per cent of your newspaper. You go through it and spot one or two articles here and there which fascinate you, sports or a business. You go through the newspaper, and once you have gone through it, you have actually spent very little time in it. Surveys have shown that it takes about half an hour to go through the

thickest newspaper. So actually what you want is to be sure that it is there if you need it.

**Senator Everett:** Why do you think you are going to have readership? Is it because your magazine is in French? Because it deals with French-Canadian problems? Or because it deals with Canadian problems?

**Mr. Allard:** I think that the French people will certainly be more interested in French-Canadian problems than they are in the Canadian problem as a whole (as I would be more interested in the news or events in my family than I would be interested in my parish.) But after I am interested in my family, my parish then it's my province and then my country. I think this would be the level of interest that I have developed and I think that people in general do develop.

**Senator Everett:** I think this has probably been asked before—but are you losing money with this venture?

**Mr. Allard:** Yes, we lost up to...well, I mean, the loss was not absorbed.

**Senator Everett:** We do not need to know the figures.

**Mr. Allard:** Yes, but I am good for sixty years.

**Senator Everett:** That really was the reason for my question. If you are good for sixty years, that is good news.

Why are you good for sixty years? What is motivating you?

**Mr. Allard:** My country.

**Senator Everett:** To go for sixty years?

**Mr. Allard:** My country.

**Senator Everett:** Do you want to be more particular than that?

**Mr. Allard:** I think that once you have achieved a certain security in life and you want to devote yourself, if you can, you do participate in the social gathering of people that are around you. And if you can do something about it, you do.

Mind you, I am not naive to the point that I am ready to lose money with *Sept-Jours*. In fact with the money I am losing with the magazine the Government is helping me. I mean, *Sept-Jours* Incorporated is the owner of a printing shop which is making money. So



we are getting help from the Federal Government in one way, and the Provincial Government also. But that would not be sufficient to keep me interested in *Sept-Jours*.

I think this kind of magazine is necessary and, through the years of experience I have gathered in the newspaper business, I think that the newspaper business is in good hands now. I think if I can help the magazine field I will try and do my share.

I do not know what extent I will succeed.

**Senator Everett:** Do you think this is what motivated Senator O'Leary?

**Mr. Allard:** Yes, definitely.

**Senator Everett:** Is there more motivation among French-Canadians in this direction?

**Mr. Allard:** I do not think so. Maybe in this because we believe that we want to be heard. We like to talk a lot. So probably that could be one of the reasons.

**Senator Everett:** But you are talking to yourselves here, are you not, through *Sept-Jours*?

**Mr. Allard:** No. We feel English Canada is developing more interest in the French language in this country now than they have before. We are talking to ourselves, yes.

**Senator Everett:** But in the long pull you do not think it will be?

**Mr. Allard:** Yes. I think up to now our first interest is to speak to our own people, to participate in the information in French-Canada for French Canadians—that would be our first goal. But I think that we also feel that if you had read—you were not here at the moment when I read this.

**The Chairman:** There is my copy.

**Mr. Allard:** The policy and objective of *Sept-Jours*—it is a very short paragraph—I think it will show you what the goal is of *Sept-Jours*. Senator, please read here and there, that is all.

**The Chairman:** It is the same copy. It is just a different picture. It is the same copy basically.

**Mr. Allard:** Yes.

**Senator Everett:** Can you see in sixty years that you will be turning out—this is just a hypothetical question, but that is what we are here for . . .

**Mr. Allard:** Yes.

**Senator Everett:** Do you see that you will be turning out an English edition of *Sept-Jours*.

**Mr. Allard:** I would be ready to start one any time as long as I could have the necessary help to purchase one. I would like first of all to swallow the first pill of the French edition and all I need is twenty thousand copies. We have eleven thousand now. If we have twenty thousand copies we will be ready for an English magazine.

**Senator Everett:** Thank you.

**The Chairman:** Thank you, Senator. Mr. Fortier, perhaps you want to ask a few concluding questions. I am anxious to adjourn.

[Translation]

**Mr. Fortier:** Mr. Allard, in your oral presentation, at the beginning, you left us on the following note—that it will be necessary to encourage the maintenance of magazines such as yours, and you even suggested that other people—other good souls like you—should be encouraged to publish magazines. Can you be a bit more specific and tell us what type of encouragement you are asking for from the government, either federal or provincial?

**Mr. Allard:** I do not think that I would necessarily see a direct subsidy. It could be done in the economic field, for example, in subsidies for competence. I think that, in the fields of culture and the arts, most of subsidies go for incompetence. For example, if I wanted tomorrow to start up an industry in the automobile field, the government would not want to give me subsidies nor help me, nor would it want to give me a tax reduction, nor would it want to participate in my venture. This is because it would not believe that I have the necessary competence to go into the automobile industry. But it would do so for General Motors. That is normal. They say: "You want to set up an automobile industry in Canada, you have the competence, you have proved it elsewhere, very well, you will be given subsidies".

But in the newspaper field, the danger is the attack on the freedom of the press and I would say that there could be subsidies for a limited time as is done in industry. It could also be done in other ways but I am not sufficiently informed. But it could be, for example, that governments could allocate let's say, various government services to an infor-



mation magazine. They could also allocate people, Canadians, to work on the outside. They could encourage the various departments to advertise in that publication. For example, important government messages should, in my opinion, appear in an information magazine.

**Mr. Fortier:** That in no way would attack the freedom of the press?

**Mr. Allard:** There is still freedom at that moment. For example, the Department of Cultural Affairs of Quebec would certainly have something to say where culture is concerned to Quebec readers and to the people. It could say: "Well, we are going to take a page every month; we shall have a text from the Department of Cultural Affairs which would appear in your magazine, since it is considered a valid information medium."

**Mr. Fortier:** This is the type of encouragement that you mentioned earlier, is it not?

**Mr. Allard:** Yes, that's right.

**Mr. Fortier:** I am very curious. You have made your mark as you said "as a newspaperman". You made your mark in the written press, a daily, a weekly, and you left all that for the magazine, did you not?

**Mr. Allard:** Yes.

**Mr. Fortier:** Do you really believe that the era of the daily is past?

**Mr. Allard:** No, I believe that the daily is in good hands. The magazine does not exist.

**Mr. Fortier:** The daily in Quebec is in good hands?

**Mr. Allard:** I think so.

**Mr. Fortier:** Will you, please, comment briefly on the increased concentration of daily and weekly information media in the Power Corporation empire, as it is called?

**Mr. Allard:** Well, let's say that Power Corporation is a business firm. It is possible that a business firm can have a direct influence on the journalist's text. That happened, let's say, in France in 1940, when there was a great deal of German or foreign investment in French papers; they were not able to make the newspapers react in favour of a French mission which was defending the land. Well, there is a danger of putting that in the hands of too powerful a consortium. There is a certain danger because the consortium may have

economic interests which are not the same as the newspaper's. But, we have all kinds of pressures. I just have a list here of the pressures brought to bear on freedom of the press: economic pressures—I mean the need for profitability at the outset; pressure from advertisers who do not readily accept, for example, having certain habits of people in the business world denounced; political contingencies, a publication favourable to the government in power is generally more profitable; the sources of information through press agencies, for example. Press agencies are almost all foreign and that creates problems for us. We do not have our own information; the intervention of public relations experts who feed newspapers information which is biased in favour of firms or organizations that they represent; the political climate; the union climate; the social climate; and direct intimidation or undue pressures. Those are some of the pressures anyway. There is freedom of the press. But it does not exist in this sense that it is subject...

**Mr. Fortier:** It is not absolute...

**Mr. Allard:** On the other side of the coin, there are also newspapers which commit abuses because of their power. Newspapers can go as far as blackmail to get advertising. We have often seen people who have put out a bottle of Coca-Cola with a rusty nail in it. Blackmail against authorities in power and public figures, blackmail against unions, the police, peaceful marches, blackmail against the private lives of public figures—everyone is hanged in passing. I would be—and I shall perhaps come back to a question which you asked me a while ago—in favour of the setting up of an advisory committee made up of publication owners and public publications. But this Committee should not have any executive power and should be limited to consultations to ensure the professional ethics of newspapers.

**Mr. Fortier:** A kind of press council?

**Mr. Allard:** A press council.

**Mr. Fortier:** On a regional basis, not on a national basis?

**Mr. Allard:** I still could see the federal Government acting as the promoter. Nevertheless, people should be able to settle their own problems. You cannot come and settle my family's problems but you can give me suggestions as to how to settle them.

**Mr. Fortier:** I'll come back to my question, is the increased concentration of newspaper ownership in Quebec healthy or is it unhealthy for you, with your long experience?

**Mr. Allard:** At this time, I would say, if I take, for example, the case of *Les Journaux Trans-Canada*, it is in the hands of very high calibre journalists—Jacques Francoeur, for example. We are sure then that gentleman knows his trade. Something else may happen at a given moment or it may happen in five years, 10 years or 15 years—perhaps there is a danger there. But, on the other hand, what they give the press is a structure. They are now giving all the structures and I am asking the federal Government to act as our promoter to aid newspapers on the whole. I think that those people are in the process of doing it. They will see to reaching all levels of the enterprise so that those people will become more and more informed about what they are doing.

**Mr. Fortier:** What you anticipate and what you are describing, is a danger in power?

**Mr. Allard:** It is a danger in power.

**Mr. Fortier:** Do you believe, in order to sidestep tomorrow's danger possibly, that concentration should be eliminated?

**Mr. Allard:** No, I think that it should be watched.

**Mr. Fortier:** Watched by?

**Mr. Allard:** Perhaps a special committee, made up of members of the government and members of independent newspapers and also representatives of that controlled or concentrated press. I think that there should perhaps be a supervisory committee. But I left newspapers five years ago; my opinions on that are poorly informed. I would like to give a great deal more thought to it and have more consultations before coming up with a definitive opinion on it. In principle, that doesn't bother me too much at the moment.

**Mr. Fortier:** Probably because you know the people who are there?

**Mr. Allard:** Yes, I know the people who are there.

[English]

**The Chairman:** Thank you very much Mr. Fortier and Senators and particularly Mr. Allard, thank you. *Sept-Jours* is by any

standards—and I can say this because the Committee has been looking at the magazine now for the better part of this week—I think, a unique Canadian publication. I think that as such our overall study would have been incomplete without some reference to it.

We are grateful to you for coming. Perhaps the most effective way I could express our appreciation is to say that we certainly hope that it will not take you sixty years to turn the corner. Our fingers are crossed. Thank you for coming.

May I say to the Senators that we are receiving a brief from *Toronto Life* in this room at eight o'clock tonight. We will now adjourn.

The Committee adjourned to 8.00 p.m.

The Committee resumed at 8.00 p.m.

**The Chairman:** Honourable senators, if I might call this session to order. This evening we are going to receive a brief from *Toronto Life*. Seated with me on my left is Mr. Preston Balmer who is the Vice President of *Toronto Life* and on my immediate right is the Business Manager of *Toronto Life*, Mr. James Knox. We have a statement which has been prepared but which I don't believe the Senators are familiar with.

**Mr. Preston W. Balmer, Vice President, Toronto Life:** Well, Senator, I have copies available and with your permission I would like to read it and perhaps the senators could follow along and make notes.

**The Chairman:** That would be perfectly all right indeed and perhaps we will ask you questions on your brief and perhaps on matters which are not in your brief, and perhaps on other things, and if you wish to ask Mr. Knox to reply to any questions, please feel free to do so.

**Mr. Balmer:** Mr. Chairman and honourable senators...

**The Chairman:** Just before you begin, Mr. Balmer, perhaps I should say a word of explanation to the senators concerning my short delay. I apologize for my delay, Senators, but there was a very good reason. Today is Mr. Spears' birthday and we took him out to dinner so that is the reason for my being four minutes late.

**Mr. Balmer:** Well, I would like to preface my remarks by saying that Mr. Spears phoned me and suggested that maybe we would rather not be here tonight and I said "Look,



as far as we are concerned we have offered our full co-operation to the committee from the outset and we would like to continue to give that co-operation. So if you are making any changes, please don't schedule it for February 17th because that is my birthday." He said, "To heck with you, the 19th is my birthday." I then told Mr. Spears that we would come over and we could celebrate our birthdays together.

**The Chairman:** Well, good for you. Congratulations. I believe it is also Senator O'Leary's birthday.

**Mr. Balmer:** When Armadale appeared before this committee in December we tried to provide you with all the information available on our established operations, namely our newspapers and our various broadcasting interests.

Tonight we return, not to brag of instant success in the magazine publishing field, but rather to indicate to you that in magazine publishing, in Canada, we have found a very challenging, sometimes frustrating, always interesting and so far dollarwise unprofitable enterprise.

However, because we realize that this committee is interested in problems, as well as, success stories, we have returned, hopefully to provide you with additional information you may require to adequately and effectively study the media of Canada. With me is Mr. Jim Knox who is our Business Manager and who, because of his more than 25 years experience in the magazine publishing industry in Canada is invaluable to us in guiding us through many of our difficult problems. I know Jim will be glad to answer any questions you may care to put to him.

May I just interrupt myself here to make sure that Mr. Fortier is armed with a copy of my opening remarks.

**Mr. Fortier:** I apologize for being late.

**Senator McElman:** Well, we have already had a full explanation of why.

**The Chairman:** Mr. Fortier, I can assure you that it wasn't a full explanation.

**Mr. Balmer:** We knew when we bought *Toronto Life* in 1967, that publishing a magazine in Canada was difficult.

Ostensibly, the price to enter this game was a commitment to share profits with the former owner.

As it turned out, we bought exclusive rights to problems and losses.

The net losses for the years 1966 through 1969 are included in the material filed confidentially and if you have noted them, you know the price we paid for the privilege of getting into the magazines business in Canada and of serving our community with a new and untried service.

It was not until the last month of last year that we actually broke even on a couple of issues and felt that we had found the way.

During those early tough years we took courage from the story of *Sports Illustrated* which lost \$20 million before it dramatically turned around and became a very successful magazine.

We knew that Toronto was a big town and that this was a big league and we were prepared to pay the price.

Let us make one thing clear, we are not here pleading for subsidies or special privileges, we are not here asking for legislation to stifle our competition. We feel it is incumbent upon us to produce a product which will attract the necessary readership and advertising support for us to survive on our merits.

I should also like to say, however, that had we been threatened with a white paper such as that ominous document which now hangs over our heads, we certainly would not have embarked on this endeavour, for it appears that the benefit under the proposed White Paper legislation would not be commensurate with the gamble of establishing such a new service.

The question is why were we prepared to try to enter the magazine publishing game in Canada?

Well, the answer lies in the fact that Mike Sifton likes Toronto and believed that there was a need for a special magazine to meet the specialized needs of that city.

Mike looked at *Toronto Life* not as a hobby, but a new challenge and a new creative endeavour, and he got personally involved.

In publishing, the name of the game is readership. When we took over *Toronto Life* on May 12, 1967, we made up our minds that *Toronto Life* would not be allowed to remain as a gesture towards success—that it would commend respect for itself and Armadale.

For it to succeed, we felt *Toronto Life* had to be important enough to interest the most involved and productive homes in greater



Toronto—these had to be our target audiences.

I wish I could say that our aim was straight. Until just recently, the book, outside of its "Guide and Listing" function, did not clearly present its purpose and approach to service.

It was going in too many directions. In one survey we took, it became clear that the basic problem of identity lay in the fact that everyone felt the book was for someone else.

The essence of our findings was that we had to recognize the changing communications environment.

During this two year period, the City Magazine was suddenly recognized as a new medium south of the border in the United States.

*Business Week* featuring the City Magazine as "the talk of the town". *Saturday Review* and the *Wall Street Journal* blossomed out with full features on "the new medium" and in so doing emphasized the growing realization that in this swiftly moving world, no effort can be spared—no communication medium can be ignored—that nothing will be more pervading in the seventies than the increased need to be involved in one's own community—not just a superficial involvement—a headline oriented awareness of what's going on—but a deep involvement which can provide the sense of belonging—a special belonging which alone can insulate the human spirit from the weight of world involvement that is pouring in on everyone.

The City Magazines were spawned in the complex urban communities of the United States where the social pressures were so great that existing media found it difficult, if not impossible, to adequately service the special socio-economic entity that is represented in the current North American city. We do not contend that City Magazines will replace existing classic media, but that they are a tangible and exciting part of the answer to meeting the new requirements of these increasingly complex cities.

Two years ago we saw this need manifesting itself in Toronto.

This basic "reason for being" is why each City Magazine is different—tailored to the individual needs of a single community. That is why *Toronto Life* doesn't look like any other City Magazine—or any other classic magazine.

A comparison of *Toronto Life* with the City Magazines of the Continent, shows *Toronto Life* in seventh position in terms of circula-

tion. In terms of production standards, we state our reputation that it is second to none.

Last fall, readership patterns started to emerge and our original belief was confirmed and thus, we started to move.

We now have a stated purpose and a set of operating criteria on which we intend to build.

Because taste can no longer be associated with only the highest socio-economic group, *Toronto Life* must be a cosmopolitan story—a continuing story of, for and about the people who, for themselves and their neighbours, are doing something that matters.

To implement this purpose, *Toronto Life* will confine itself to four primary areas of service:

*Toronto Life* will be a concise, hard facts "Guide to Living", a guide to what Torontonians and its visitors can do, see, hear and be involved in. *Toronto Life's* digest of all entertainment and retail services will be the pivotal point around which the "Guide to Living" Service is built. What we mean is—if we list and we comment, we recommend.

*Toronto Life* will be a social instrument providing readers with warning signals and prior and current insight into those things which touch family, work and a future in Toronto. With the February issue, we were proud to welcome Margaret Campbell to our lineup as part of our expanding efforts in social communication. Toronto's one magazine will provide a new depth of information on art, books, cinema, education, law, medicine, modern living, music, the press, theatre, television, religion, science and business.

*Toronto Life* will be "people oriented"—the faces, words and thoughts of Torontonians will be in the context of the "happenings" and the patterns of citizen involvement "About Town" in Toronto.

*Toronto Life* will make national and retail ads a feature—not a means to an end. In a book devoted to life and the living of it, exciting and inspired commercial copy must be a feature. The ad copy must be so placed and so creatively attuned to the reader that it is a part of the content.

So, there is the purpose translated into four specific service areas.

Operationally, we are getting better. Editorially, we are making progress. We are becoming less verbose and more consistent. Our writers are becoming increasingly succinct because Torontonians have too little

time and too many opportunities to spend their limited time elsewhere.

If you leaf through the book you will see that it is now a more ordered and precise form, more familiar and more recognizable.

Through increasing adherence to commissioned features, we are strengthening and broadening the creative base and the number of contributing individuals.

We are unceasing in our efforts to stimulate the advertising community to increasingly create, especially for *Toronto Life*—to use *Toronto Life* as its testing ground for tomorrow's techniques in commercial communication.

There is no better place to try out the new, than in Toronto, and we pledge there will be no better showcase than *Toronto Life*. As to production—*Toronto Life* has been termed "Slick: Even as I agree, I must add that it has also been "stodgy and heavy handed".

We have concentrated on increasing the quality and amount of colour.

We have encouraged our clients to get special layouts and fresh copy even at added cost because Torontonians are constantly being upgraded and it does take more to motivate them. Throughout all aspects of production, we will continue to challenge the old dogma and the old techniques.

Circulation is only a measurement of where copies go. Distribution is only one part of the equation. Content and design are the other half.

We file herewith a copy of our January circulation report which will indicate the complete distribution of that month's issue.

There have been those who suggested that *Toronto Life* shift to free delivery of an expanded press run, thus providing advertisers with a much inflated circulation figure—a technique which is used by theatre programmers and latterly by *Toronto Calendar*.

We learned many years ago in the daily newspaper field, that paid circulation represents a quality of readership, a basic interest in the paper and the community which results in higher response levels to both news and ad content. It is this basic "readership response factor" which dictates our decision that *Toronto Life* shall continue to be sold to its readers by subscription and by newsstand sales.

In addition there will be regular extension of distribution to special interest groups or citizens inside and outside the city. We have

applied for membership in the Audit Bureau of Circulations and have been invited to join the Magazine Advertising Bureau.

We recognize that *Toronto Life* will probably never be a primary medium, that it will always be a special media consideration.

As a "one city" medium, it will compete for a somewhat limited and special type of advertising dollars. Until now sales revenue has never kept up to production cost.

As an advertising investment, we believe that *Toronto Life* will justify creation of new budgets because it has a new capacity to communicate in an ever increasingly complex community.

As publisher and president, Michael Sifton assumes full responsibilities for *Toronto Life* and works right with me in directing a four-man executive including: Business Manager, Jim Knox; Editor, Alan Walker; Supervisor of Sales, Tim Brown; Art Director, Nick Burnett.

The current staff is 24. Currently the number of contributing non-staff writers stands at 50.

We are just now starting to break even but as I mentioned at the outset, because we are not in the publishing business for a short term, we were prepared for the cost of the building. In this case, we are developing a new medium. And it has been an investment that is starting to pay off.

*Toronto Life* isn't just a magazine, and it certainly isn't a book. And it isn't a classic medium. It's just—*Toronto Life*—a special medium that will increasingly emerge as an integral part of our city and the new structure of communication which Toronto will require if it is to cope with the complexities and the potential of the seventies and the eighties, and beyond."

Thank you very much, gentlemen. I await your pleasure.

**The Chairman:** Thank you very much, Mr. Balmer. I think the questions which we have for you we will direct to you and also Mr. Knox. I think perhaps Senator McElman has the first question.

**Senator McElman:** I noted that you made reference to social communications. At what level? Where are you primarily aiming this magazine? At the more affluent society or the general populace?

**Mr. Balmer:** At the outset, I would say that it was our intent to reach the upper in-



come bracket, but we found and we still contend that the reader is going to dictate to us our success or our failure. We have attempted to broaden the base in recent months, but we have been very, very careful not to make any drastic changes. We feel very strongly that any changes that we do make in our makeup or our content has to be a gradual thing; so we have in recent months gradually broadened the base.

When we first started out—I refer you to our “About Town” section. This at one time—it seemed to me even before we took over, or shortly after, the “About Town” section was strictly for the upper crust, if you like...

**The Chairman:** The beautiful people?

**Mr. Balmer:** Yes, that is right, and everyone had a drink in their hands. This was the thing that we argued about—that we just couldn't survive on this basis; so now we have changed and in the introduction to our About Town section we take on one subject, if you like. In this particular case in this newest issue, it is the current production of Hair; but last month we visited one of the curling clubs, where youngsters were skiing and adults were curling. We try to broaden the base and get at the people who we think are the typical Torontonians. I am beginning to feel like a typical Torontonian myself although I have only lived there ten years.

**Senator McElman:** The reason I asked is because the issues that I have been able to have a look at, go back some little while; and I notice advertisements for gold and black velvet suits for gentlemen, rather expensive evening attire for ladies, and jewelry, and so on, and mind you the price listings with them are rather substantial. It seemed to me that it must have been levelled at a pretty high measure of income?

**Mr. Balmer:** Yes, you are quite right. As an advertising type who grew up in the newspaper business, I was rather amazed at some of the results we were getting from advertisers. A case in point was a jewelry firm who was advertising a soup taurine and this soup taurine was, believe it or not, \$12,000. We had four people who wanted this one and only, and the result was that the first person got it and the other people went in and bought—as the advertiser told us—in excess of \$5,000 worth of other valuable products.

In the meantime we have also found out that there was a tourist association in the United States which ran a very modest ad-

vertisement in black and white. In my way of thinking, it was not a particularly attractive advertisement. Mike Sifton came to me on day and said “What do you think of this advertisement”? And I said, “Well, I am not crazy about it, Mike but it might run,” and he said “Well, this fellow is on the phone and he is ecstatic because he had received 399 inquiries in the last ten days about it.” They had a little key in the bottom of the ad to write or phone and they knew that they were getting results. This led us to believe then that we did have an audience of people who were travel minded.

We also find—you introduced the question of us appealing to an affluent audience—we also have found that we are appealing to an audience of people with disposable incomes. Now, this may be a home where a man and a wife are both working so that as a result they have disposable incomes that would probably exceed those of an established family where only the man is working and has a family to raise.

These are the things that we wrestle with and we are trying to broaden the base and not be sleezy, if you like, and bring it down. Mr. Sifton, as you know, is a wealthy man and it is not his idea just to run a magazine just to please his friends. This is not our attitude at all.

**Senator McElman:** You are still looking for your own level in other words?

**Mr. Balmer:** Yes. I would say we are, yes. We don't think think we have arrived at any real conclusions in this connection at all.

**Senator McElman:** I noticed in this fly that was in the March issue...

**Mr. Balmer:** Yes?

**Senator McElman:** That you say:

“What we mean is, if we list and we comment, we recommend.”

Going back again to earlier issues, I noted that the liquor advertisements were again for a pretty high class of liquor. It is the top in each of the lines. Then in skimming several of the editorial sections, it seems to drop in here and there that it is nice to have good wines with the meal and when you come in out of the cold it is nice to be able to lift one's arm—not in this terminology...

**Mr. Balmer:** No.



**Senator McElman:** But the "drop-ins" are there. Is this a new editorial policy to work along with the ads?

**Mr. Balmer:** No. When I mentioned that we recommend, we were dealing primarily with our listings at the front of the book in the *Life in Toronto* Section where we deal with, say, restaurants and eating establishments, et cetera.

**Senator McElman:** Well, let us take it out of this context then. Is it a new editorial approach to tie in with the advertising that you are carrying?

**Mr. Balmer:** Not with the ads particularly because we are certainly not going to take any advertising which we don't feel is justified and doesn't meet our requirements.

**Senator McElman:** Don't misunderstand me now.

**Mr. Balmer:** No.

**Senator McElman:** I was referring to the high class of liquor ads?

**Mr. Balmer:** You are quite right that the advertising of the liquor is geared to the upper income groups. They themselves recognize that *Toronto Life*...

**Mr. Fortier:** Do the upper income groups buy Carlings Black Label?

**Mr. Balmer:** This is a good point. We do have people that think as we do and that are interested in *Toronto* and would like to support a book of this nature. For that reason and that particular case, this gentleman—I went to lunch with him and this I can recall very vividly, simply to discuss the magazine—he volunteered that he wanted to advertise. We were not fighting him off but Mr. Sifton said to him "we didn't come here to sell you anything", and he said "no, but I like your book, I would like to support it" and that is the reason for that advertisement. It is not a lunch-pail book or anything of that nature, and that is the reason for that.

**The Chairman:** Senator Petten?

**Senator Petten:** May I ask a supplementary on that? There were 19 liquor ads in that particular issue and in another part of the book there is an item called "*Toronto Lives Guide to Entertainment*" and there is a little editorial on that, and then a cooking item headed "*When Holiday Guests Drop By*" and there is a picture of a ski lodge with people

outside and that sort of thing. Now, that is a little different than the way you answered my friend, Senator McElman. I will put my question a little differently. Is this not a tie-in with advertising and editorial content?

**Mr. Balmer:** Yes. Maybe I should ask Mr. Knox to answer that because this was an advertising and promotion package.

**Senator Petten:** Well, I don't want to beat it to death.

**Mr. Balmer:** We are here to answer your questions.

**Mr. James R. Knox, Business Manager, Toronto Life:** The original comment "if we comment, we recommend" which was referred to...

**Senator Petten:** Yes, it is in your brief.

**Mr. Knox:** The section you were talking about was in fact an advertising promotion developed to sell advertising space to help keep the magazine from showing red figures and to hopefully show some black. In that particular issue we did a readership study and those articles received a very considerable high readership figure from the readers of the magazine.

If I can add something to what has already been said about the liquor advertising which is of a high quality, I think it is because the selected companies recognize that the kind of people who read this magazine are apt to be in a position to afford that kind of liquor. We know from the figures that were just recently distributed that about one-third of Canadians show an income return of approximately \$3,600 a year, so those advertisers wouldn't be selling Drambuie to those kind of people so they do have a limited market to which they could advertise. This is one of the values of a magazine like *Toronto Life* in that it does reach a specialized group in a specialized market.

**Senator Petten:** Well, just let me add that I have nothing against liquor—a couple of my friends have advertisements in here.

**Mr. Knox:** Well, thank your friends for us.

**Senator McElman:** Mr. Balmer, you have both had great experience in the daily newspaper field and more laterly in the broadcast field. I understand fully what you said in your brief and Mr. Sifton's reasons for establishing a magazine like *Toronto Life*, but I do find it hard to understand, in spite of the fact that

the magazine field in Canada has been a sick and failing industry to a large degree, why at this point in time one would venture into it? Did your group feel that it had some sort of special expertise that it could move into this area and succeed where others weren't succeeding?

**Mr. Balmer:** You sound so much like Mike Sifton's father when he started into business. That was exactly the same sort of terminology that Clifford said to Mike. Mike and I happened to be out west at the time we were giving this consideration. When Mike informed his father he said "Mike, you know, at this time when all these magazines are having trouble it is just ridiculous to embark on an enterprise of this nature." But Mike is a fellow who likes challenges. I have worked with the family for 32 years so I know them pretty well. Even now he talks this way.

I recall so well the speech Mike made to the staff on the morning we officially took over the magazine. Someone there from one of the Toronto papers asked Mike how long he expected to carry on with this and his answer was "I am not used to being associated with failures." Even to this day he is looking at the odds and saying "They are not for us and we will find our way."

I don't think it is so much the expertise of our people although this comes up periodically when Mike and I sit down and discuss these things. We say "Look, there is a man out there in Regina. We will just move him in here to fill this slot." This of course would happen and I would say "Now, don't disturb this situation, just leave it the way it is." This is a Toronto magazine and I myself, being a westerner, find it difficult to field this as he does.

As is mentioned in the brief, he is a fierce Canadian and he is fiercely Torontonion. He wants this to succeed and I have no doubt in my own mind that it will succeed. It is not succeeding because it is a magazine; we try to suggest that it is different. It is not a magazine—it is a special medium that we think will emerge as being fairly successful.

Now, the ones that are successful in the United States—and there aren't many—I think one of the most successful ones now is *The Philadelphian*. We have watched these pretty carefully although we have tried to resist the urge to go down and see what they do because we feel ourselves we want this to remain a Canadian approach. We are not try-

ing to make it a Chamber of Commerce document—and *The Philadelphian* does not carry any editorial colour.

Now, if we wanted to take the colour out of our magazine—if you have noticed this is quite colourful. This, again, is by choice. Our binding which you see is expensive, the paper itself is an expensive type of paper and this is just the approach which we have adopted. We think we can be successful, not because we are experts but we just have a feeling that we will be successful in spite of the odds.

**Senator McElman:** Maybe it is a good thing that you are not bound by tradition?

**Mr. Balmer:** Well, this is right. In our newspapers, (and you mentioned newspapers earlier) we are not radical but we are making changes in our format. Most papers now have what they call women's pages—we don't call them women's pages, and even the two newspapers don't agree on what they call it. The *Star Phoenix*, I believe, calls it "Family Living" and the *Leader Post* has another title which I just can't think of at the moment. However, it is an approach which is different and Mr. Sifton's attitude to us is just because it has been done for 50 years doesn't make it right. We are going to change and be flexible, and this is the attitude we are adopting in this.

Our approach is different and I think at a time when the magazines in Canada are having trouble advertisingwise we have been fairly successful. I would suggest that certainly in earlier months our deficit was brought on by mistakes of our own—with due respect Mr. Knox—and this is a fact. If it was just a matter of getting some black on the ledger, there are many, many ways we could trim it and we have arguments with Mr. Sifton on this.

This first page of the About Town Section is in colour and is a regular feature and is always in colour. This has been something which has come us in the last six months or so, I guess.

I have wandered a lot and I apologize.

**Senator McElman:** When Mr. Sifton was here I recall he told us that when he took over *Toronto Life* his publishing friends greeted him with roars or peels of laughter, but do you think he is getting closer to the position where he is going to laugh back?

**Mr. Balmer:** Periodically he smiles.



**Senator McElman:** Well, you took this thing over at a rather sad time when the magazine industry was a pretty sad picture in Canada.

**Mr. Balmer:** That is right.

**Senator McElman:** Apparently during the last couple of months from last year apparently you are getting to the break even point.

**Mr. Balmer:** Right.

**Senator McElman:** So you have turned it around?

**Mr. Balmer:** Well, I wouldn't like to say that we have turned it around—to be so positive. We feel that we are coming our way.

**Senator McElman:** You have shown a good measure of success from taking it where it was to where it is now.

**Mr. Balmer:** We would like to think so, yes.

**Senator McElman:** Well, call it expertise or whatever you want. There are a great many Canadians who feel that there is a need for not so much a vertical type of magazine but one with general news reporting similar to *Time* magazine in the English language in Canada. This afternoon we had as a witness Mr. Allard from *Sept Jours* and he said that he felt certain that this could be successfully done. Would you give any thought, with your successful experience, to approaching this?

**Mr. Balmer:** Well, I am rather amused that you should say that because as I sat in the back this morning I could feel this coming out of the meeting with the *Time* people. I felt that here we are banging our heads against all odds and, if you like, approaching success and at this point in time—I should really quote Clifford Sifton when he says "You have enough on your plate now. Do not tackle anything else." I think this could be done but I am not intimate with the mechanical problems of putting out a magazine like the *Time* people do, but in Canada to get a national publication across the country in short order, would be the major difficulty. As I heard them this morning, I was just shuddering to myself and wondering how they rely on air communications to transport films and meet deadlines—it must be a tremendous worry. I just really don't know, but I think it could be done.

Mr. Sifton himself, if you would like to get into our philosophy again, has said so many times in our meetings that this could be the daily newspaper of the future. Again, this is

a pretty wild and imaginative approach, but Mr. Sifton is an imaginative character, if you like. We were talking earlier when we were reviewing our brief—you people have really created a great deal of thought within our organization because of these hearings and the suggestion—and it is a worry—as to what is the future of daily newspapers. For one who has been brought up and who has lived in the newspaper field all his life, I can't buy this prospect of pressing a button and watching.

Again, I sat in on a blue sky session with some broadcasters and some newspaper people one day while they guessed, if you like, what the future would be like in communications 20 years from now. They had some pretty wild dreams on what it would be like to sit in your own communications room in your home. Then we drifted from this and one of the broadcasters—I don't know why he took this particular attack but he turned to me and said "What is wrong with your newspapers?" He said "I get on the subway and they are big, you know. Why can't you get something that I could read without putting elbows in my neighbours face? My wife gets annoyed with me because I go to bed and I am reading the paper and I am doing the same thing there. You know, it is such a bulky thing" and he made some other reference about reading the paper in the bathroom, and I told him that "you people amaze me because you keep telling me that we are going out of business but here you are reading a newspaper in three different places that I don't"—now, I have gotten off the subject again and I apologize.

**The Chairman:** Well, you certainly have got off the subject and I blame Senator McElman. Senator McElman, would you care to ask a question which is more to the subject?

**Senator McElman:** Well, the reason I put the last question with the acknowledged genuine and enthusiastic Canadian family such as the Sifton family is and with their financial stability, it seemed to me that in view of the testimony we had been receiving, it might be a very plausible question to put to a magazine such as yours. Just to follow along those lines, the special privilege which *Time* magazine and *Reader's Digest* have in Canada—would you consider this to be a pretty strong reason for anyone, either a group such as yours or any other corporate body holding back from moving into this area? Is it a restrictive factor?



**Mr. Balmer:** Well, I would hate to speak for somebody else, but I would suggest yes, it must be. But again I would like to comment that when this came up years ago we did not oppose it then. Our attitude is we will survive on our merits and we don't want to have anybody legislate against our competition in order to protect us. We feel that we will survive and the reader is ultimately the one who dictates the success or failure of your publication.

**The Chairman:** You said a moment ago that you did or you don't oppose it?

**Mr. Balmer:** We did not.

**The Chairman:** Now, what is it that you didn't oppose?

**Mr. Balmer:** We didn't oppose the fact that *Time and Reader's Digest* received the exemption. We stated that everybody should be allowed to come here if they so desired.

**The Chairman:** Well, may I just ask a supplementary question? Do you regard the Toronto issue of *Time* a competitor to your magazine?

**Mr. Balmer:** Yes, I would have to say so. I think any publication is competitive, but I think anybody buying *Time* would not necessarily say that they won't buy us because they buy *Time*.

**Mr. Knox:** Well, let me put it this way. We rarely run into a head-on conflict with *Time* magazine with our retail advertisers. We do occasionally, but we do not in fact run head-on into them too many times in retail advertising. As Mr. LaRue mentioned this morning, many national advertisers buy segments of the Canadian market and they recognize the *Time* regional segment as being valuable to them for certain of their products just as they regard *Toronto Life* as a valuable marketing tool for a segment of their product.

To answer the question which hasn't been asked just now but was asked earlier, no, we don't fear competition from *Time*.

**The Chairman:** Well, if I can just find an advertiser here—here is one H. A. McLean Chevrolet Oldsmobile Limited, 195 Yonge Street, Aurora—this is a full page ad at page 33. M. Knox, how much money would that cost McLean's?

**Mr. Knox:** It would cost \$935.

**The Chairman:** And what would McLean's pay for a full page in the Toronto edition of *Time*?

**Mr. Knox:** About \$1,000.

**The Chairman:** So it is that inexpensive for him to buy a full page in the Toronto edition of *Time*?

**Mr. Knox:** Yes.

**The Chairman:** So you are pretty comparable, in other words?

**Mr. Knox:** Well, our rates are comparable but our cost per thousand is much greater.

**The Chairman:** However, you must have a good sales force?

**Mr. Knox:** Well, we have a good magazine.

**Mr. Balmer:** Just while we are on the matter of local advertising—I hate to get too enthusiastic but if you will turn to page . . .

**Senator Prowse:** Turn to page 36, that is a good page.

**Mr. Balmer:** Page 49—that is an advertisement created by our own people and I like to think that this is typical of our expertise, if you like . . .

**Senator McElman:** Page 48 or 49?

**Mr. Knox:** Our own photographers took those pictures, our own people wrote the copy. We have designed the campaign for Atwood's Traditional Interiors who are successful interior decorators. They came to us after three years of operation and said "we really believe your magazine is for us". This, in my opinion, is an indication that we are arriving.

**The Chairman:** Who is your number one competition for local advertising?

**Mr. Knox:** Well, our number one competition for local advertising has to be the three Toronto newspapers. We are in, if you will excuse the expression—in an unfortunate position because we just happen to have three darned good newspapers here in Toronto. The retailers in Toronto recognize this and have recognized it over a good many years. They don't understand the philosophy of the magazine because a retailer, for instance, could put an advertisement in a Toronto paper tomorrow and feel the effects of it Friday or Saturday, but if he wants to get into our issue it would be April and he

wouldn't even see the ad for five weeks, so he just doesn't understand the philosophy.

Now, Mr. Ken Atwood has finally arrived at the idea that building a retail store or retail business is not a matter of simply selling an item today; it is a matter of selling traffic through the store.

**The Chairman:** Senator McElman?

**Senator McElman:** I will pass for now.

**Mr. Balmer:** There is one good issue which worried me when I heard that we were doing a story on one of the Senators—this always causes great concern to me—but we like to think it came off all right.

**The Chairman:** I have no comment.

**Senator McElman:** I would like to get back to this matter of a national news magazine. In the light of the fair four pages, five pages, six pages that Canadians have today, in what Senator O'Leary described as a Canadian magazine do you as a Canadian feel that we need such a news magazine? A national news magazine?

**Mr. Balmer:** Personally as a Canadian yes. I would like to see a Canadian magazine.

**Senator McElman:** Do you think it has a purpose?

**Mr. Balmer:** Oh, sure. However, I don't agree with Senator O'Leary when he says that *Time* is a Canadian magazine. *Time* people themselves say it is an American magazine and I think Canadians buy it not because it is a Canadian magazine—they buy *Time*. I think if they took out those four fair pages as you call them I think they would still buy *Time*.

However, as a Canadian I would like to see a national publication of this nature. I recognize the difficulties in trying to achieve success with such a publication but in my own limited experience transportation and delivery are enormous problems. We have a problem right in Saskatchewan that is unique to the daily newspaper field and that is that our papers are delivered two and three hundred miles away under very difficult conditions in the wintertime . . .

**Senator Prowse:** *Time* doesn't?

**Mr. Balmer:** No, we serve the urban communities.

**Senator Prowse:** Well, it must be possible?

**Mr. Balmer:** Well, it is but they did mention the fact that they changed executives and I can certainly understand that. I think that is high pressure business which I would not . . .

**Senator Prowse:** Well, I think that was mentioned in another context.

**Mr. Balmer:** Yes, but I think this giant, if you like, in the States—I can't help but feel that these people are under tremendous stress and I would not like to be in it. I am very grateful that I am working in an atmosphere where there are stresses, sure, but not to the proportions that they have.

**The Chairman:** Mr. Fortier?

**Mr. Fortier:** You began saying something but you didn't quite complete your sentence. . .

**Mr. Balmer:** I am sorry.

**Mr. Fortier:** What if the so called Canadian edition of *Time* had removed from it the four pages . . .

**Mr. Balmer:** Oh, yes, I am sorry. I was going to suggest that if they did take out those four pages—and this is a personal opinion—I don't think this would affect the circulation of *Time*. I think these people who buy *Time* buy it for the fact that it is an international publication if you like. Sure, they are interested and I agree with you they would like to see much more Canadian content, but I don't agree that it is because of that little bit of Canadian content that they buy *Time*. That is just a personal opinion.

**Senator Prowse:** Newsweek has 55,000 copies in here today. You might take the four pages out today but if the four pages hadn't been in there originally—a lot of people might have thought like I do that when you bought a *Time* magazine you were helping to get Canada sent into the States—you would not think they would have 450,000 *Times* sold in Canada to 55,000 Newsweeks if they are competing on the same basis. Well, if Newsweek which sells at the same price—this would be an indication of about where *Time* might expect to be in Canada if it weren't for special conditions.

**Mr. Balmer:** Well, Senator, that is a very good question.

**The Chairman:** Well, before you comment on it I must say that this is a *Toronto Life*



hearing and I think Senator Prowse, you will agree.

**Senator Prowse:** Well, I have other questions on *Toronto Life*.

**The Chairman:** Well, we dealt with *Time* this morning . . .

**Senator Prowse:** Well, Mr. Chairman, I just didn't want something to get a way ahead of us here.

**The Chairman:** Senator McElman, were you through?

**Senator McElman:** No.

**The Chairman:** Carry on.

**Senator McElman:** I will leave *Time*, but I don't want to leave the subject.

**The Chairman:** No, of course not.

**Senator McElman:** Let us accept that that unnamed one is an American magazine and I agree with you that four pages of Canadian content—it is an American magazine—an international magazine. As one who has just entered into the magazine field do you believe in the strengthening Canadian culture that we currently have . . .

**Mr. Balmer:** I am sorry, I missed that.

**Senator McElman:** Do you believe that with the strengthening Canadianism that we have presently or what Mr. Fortier said—I believe he coined a phrase here the other day "a notion of Canada." Do you believe or do you feel that such a magazine could still be produced in Canada in the foreseeable future? I am not asking whether your group can do it . . .

**Mr. Balmer:** No. That would be a guess, really. With the increased costs of doing this sort of thing, and they are increasing all the time, I can't see it in the foreseeable future, no. I think things tend to be more localized, and again our magazine is a local magazine.

**Senator McElman:** Well, I appreciate that but I am thinking of the hard battle that is going on now for the advertising dollars.

**Mr. Balmer:** Right.

**Senator McElman:** Do you think there is a possibility? In the hard fight for the buck—let's forget Canadianism for the moment—is this a vehicle for getting the bucks?

**Mr. Balmer:** Are you asking me that if there were such a vehicle would it be supported by advertisers?

**Senator McElman:** Yes.

**Mr. Balmer:** I can't see why not if it had the national appeal, sure. It has the advantage that newspapers don't have now because they can produce in colour which is comparable to anything that the broadcasters can do. This is why I think national television is more successful and attracts more advertising dollars—it is because it is national in scope and it is an easy thing for a national advertiser, one order, one transaction sort of thing; whereas in the daily newspapers national advertising in the daily newspapers has been a battle because there are so many transactions involved because you have to deal with this newspaper, and that newspaper, and so on. This will certainly provide a bridge, if you like, over that problem. And dealing with one local concern, if you like, will provide you with circulation right across the board.

**Senator McElman:** Perhaps I have led too far afield into the hypothetical Mr. Chairman, I am sorry.

**The Chairman:** That's fine. Senator Prowse?

**Senator Prowse:** On page 36 . . .

**The Chairman:** Of the magazine you mean?

**Senator Prowse:** Yes, of the magazine. I became completely intrigued and now I have come to the conclusion that I might be being had here. Now, this I take it is a take-off from *Mad* probably.

**Mr. Balmer:** No. This is a story indicating that somebody else has been had.

**Senator Prowse:** Now, can you make arrangements with the post office to find out how many of these little things here are completed and sent out to Rat Rapids, Ontario? I am not fooling, I would like to know if you get any replies to that advertisement.

**Mr. Knox:** Well, we are hoping, senator, if you don't mind me interrupting, that our readers are sophisticated enough to recognize that this is a satire and hopefully we will be right that they will recognize it as a satire, but I do think it would be a very interesting exercise to actually check that out.

**Senator Prowse:** Could you check that out?

**Mr. Knox:** Yes, we will.



**Senator Prowse:** I think it would be interesting.

**Mr. Balmer:** Well, I read the preliminary stories but the pictures weren't in at that time because we just picked it up from the printers on our way over yesterday—but you have a good point.

**The Chairman:** I am reminded of Pierre Berton's column which used to appear in the *Toronto Star*. Perhaps we can discuss this with him because he is coming before the committee, but he did things like this and he eventually got to the point where he had to put at the bottom of the column "this is a joke, please do not take seriously". He literally had to do that because I will be surprised if you have no response to that. I think Senator Prowse's question is a good one and it would be interesting, I quite agree.

**Senator Prowse:** I used to write a column in which I used to quote people and I was too lazy to look up the sources and I used the head of a Peruvian monastery by the name of His Tu and his confrere named His So and the library complained because they were getting too many requests for his books and that is why I say it would be interesting to me to see how many replies you get to this.

**Mr. Fortier:** A supplementary. Coming from Montreal it seems to me that if as I believe you should get a number of answers to this ad, I think you may wish to add a little bit of information to the highlight of your *Toronto Life* subscribers—they may not be quite as sophisticated as you indicated they are.

**Mr. Knox:** Well, let me if I may, Mr. Chairman, state that the study we made was made in the Toronto area subscribers.

**Mr. Spears:** In Etobicoke?

**Mr. Knox:** I consider beautiful downtown Etobicoke part of the Toronto area. We made that study in that area. Now, we have people who are subscribers who live in Nova Scotia and we have some very unusual and very strange things happening.

**The Chairman:** You better be careful.

**Mr. Knox:** For instance, a young man living in London, Ontario, and attending the University of Western Ontario acquired a copy of *Toronto Life* magazine and felt that it was a very good magazine and one that his mother would be interested in and so for

a Christmas present he sent it to her—she became a subscriber.

**The Chairman:** Where was this?

**Mr. Knox:** It was somewhere in Nova Scotia but in any event it was in the Maritime Provinces. I received a letter from the father who stated that he didn't want his wife being exposed—

being exposed...

**Mr. Knox:** To the magazine. We have readers—80 per cent will be in the 60, 70 mile range of Toronto. We have had outstanding evidence of the depth of readership and I am sure Mr. Spears with his years of experience in the magazine field would, if he could see some of the readership that we have would recognize this. For instance just the other day a man, who you know, came up to me and said "I just had the most amazing response to my picture which appeared in the About Town section. He said, "I walk down Bay Street and people mention they saw me there, I go to Ottawa and people mention it to me there, I go to Montreal and people mention it to me there," and he said "I even got a letter the other day from a fellow in the Northwest Territories"—now, how that subscription got up there, I will never know except that this man originally was perhaps a Torontonion and wanted to keep in touch with what was going on and picked *Toronto Life* as the medium that could do it for him.

**Mr. Fortier:** I think probably he circulated all those copies himself.

**Mr. Knox:** No, not really.

**The Chairman:** Mr. Knox, you mentioned Nova Scotia and you opened up the door for Senator Macdonald. Senator Macdonald?

**Senator Macdonald:** To get back to your brief here on page 2 (a) where you say that you certainly would not have embarked on this endeavour if you had known the contents of the White Paper on Taxation. How is the White Paper on Taxation going to affect you?

**Mr. Knox:** Well, I am not an economist and from what I have read even some of the best economists in Canada are not fully conversant to the full extent of the White Paper but there seems to be a prevalent feeling that small businesses will not be able to survive under the auspices, if you will, of the conditions of the White Paper.

Now, under those conditions a magazine which has a tough, tough row to hoe to become successful, and I think as Mr. Floyd Chalmers said in the early submission, as against the inclusion of *Time* and *Reader's Digest* that if he were embarking upon a new career today, that he certainly wouldn't invest in magazines. Now, I think this is what Mr. Balmer means by this. This is a hazardous business and with the restrictions that could be implicated I think we would be foolish to attempt anything.

**The Chairman:** Senator Prowse?

**Senator Prowse:** First of all, your magazine is owned and run by the Armadale Press, is that right?

**Mr. Knox:** Armadale Publishers Limited, yes.

**Senator Prowse:** Is that the same one that runs the Saskatchewan newspapers?

**Mr. Knox:** Yes sir.

**Senator Prowse:** So you are not in the \$35,000 limit?

**Mr. Knox:** Well, we would be.

**Senator Prowse:** Well, are you a separate corporation?

**Mr. Knox:** Well, Mr. Balmer, I believe, would be able to answer that question.

**Mr. Balmer:** You are quite right but the fact is, and again I don't want to get into a great long discussion on the White Paper as we did on *Time* but I do feel that there is this threat in this White Paper, and certainly there is as far as succession duties are concerned. I think this is the one thing—I know that Mr. Sifton is concerned about this that when it is all said and done, it just goes back to the Government, if you like, and what is the incentive for him to embark on a new enterprise.—I can recall again when he first came into the business, his father came out west and mentioned to me, before I had moved into the position I am in now, he said "I told Mike if he wanted to go and sit on the beach the rest of his life, he could do that, but if he wanted to be a newspaperman here was his opportunity and he had to declare himself." He said, "Dad, I want to be a newspaperman." He did and he succeeded and this has been building up and of course Mr. Sifton has been as proud as can be because Mike is now the third generation publisher. Mike certainly looks forward to the day when

he can turn over his enterprise to his family, but he is fearful that under the terms of the White Paper this may not be.

**Senator Prowse:** Well, what I am interested in is this. You indicate that there is something wrong with the White Paper and I am not about to justify everything that is in the White Paper, but I think that if we are going to attack the White Paper at the present time when this is merely a proposal or a series of proposals that we should be specific about what we are talking about. I am interested here because I think I can take the thing one by one and ask you questions about it and that is what I propose to do.

First of all, let's take—for instance, you operated at a loss for a period of time?

**Mr. Balmer:** Yes.

**Senator Prowse:** That is a deductible expense for Armadale Press of 52 or 54 per cent at the present time. So, with 54 per cent of your losses being carried by the Government while you are getting the magazine into business. They are your partners in the risk...

**Mr. Balmer:** Right.

**Senator Prowse:** Now, once you become successful then you have the right to pay out all the money in the way of salaries in which case people will be paid income on the basis as other Canadians receiving salary?

**Mr. Balmer:** That is right.

**Senator Prowse:** And have no income tax as such to pay. You can do that.

**Mr. Balmer:** I wish our accountant were here. I am not an accountant and when you start quoting 52 and 54 per cent...

**Senator Prowse:** Well, you made a statement.

**Mr. Balmer:** Well, the fact is that the chief concern—well, this was finalized only yesterday and that is the reason for it being page 2 (a), because I was concerned and the one thing I did want to make clear was the fact that we weren't looking for concessions—but we were concerned about the aspects of the White Paper as we envisage them now. The one thing in my limited knowledge of the White Paper is the fact that the succession duties are going to remove the possibilities of the paper being moved on.

There was one other reference—I think it was *Saturday Night* mentioned that when you



are out selling advertising that there are expenses that are considered legitimate expenses...

**Senator Prowse:** These are salesmen's expenses?

**Mr. Balmer:** Yes.

**Senator Prowse:** This is your Diner's Club card, et cetera?

**Mr. Balmer:** This is a reasonable expense and I agree with you when you say "well, let's stop the abuses; let's not eliminate everything completely."

**Senator Prowse:** But that isn't putting your paper out of business, is it? What I am wondering about is you use the phrase White Paper. Mr. Chairman, we have been getting this sort of thing in three or four places and I think this is as good a time as any to tie it down.

**Mr. Balmer:** Well, here is another thing that concerns us. I was out Saskatoon way last week talking to a very good friend of mine and they are concerned with the White Paper. This is a man who is in business and they came down to him and tried to get him into a discussion on this thing, and I have no reason to doubt him because he is a man of the party...

**The Chairman:** It wasn't Mr. Thatcher was it?

**Mr. Balmer:** No, it wasn't Mr. Thatcher. He made the point that Mr. Benson was going to make some changes and they were asking him just exactly what they were. They said "Why don't you tell us what they are so we can get off your back?"

**Senator Prowse:** Well, let us not deal with your friend. Let us deal with your brief.

**Mr. Balmer:** Well, I am just saying that this is a concern of ours because of that.

**Senator Prowse:** Now, let us get back to your brief and to your magazine.

**The Chairman:** May I just interrupt long enough to say that Senator Prowse was going to read three points. I believe he has read two of them—how many do you have?

**Senator Prowse:** I wanted to deal first of all with the question of loss, they can write it off. Secondly, if they make a profit they can distribute it to themselves and they can take it there and if their income is in that

bracket they get the same break as every other Canadian.

**The Chairman:** Well, why don't you go from there?

**Senator Prowse:** Now, the next point is on a capital gains basis. Fifty per cent of your capital gain will have to be thrown in and you will have to pay half of that so you will pay 25 per cent on the capital gain that you might sell this for at some later date. The Government has paid 50 per cent of your cost to get there in the beginning carrying you through the first stages and it doesn't seem to me that you are getting such a really dirty deal on that basis. That can't be what you are complaining about and this is what the White Paper says. It must be—when you say White Paper what you really mean is the estate taxes there, isn't it?

**Mr. Balmer:** Yes, I would suggest that maybe it is. I would like to qualify this...

**Senator Prowse:** Well, would you like to take that out now if you can't substantiate it?

**Mr. Balmer:** Yes, I would be content to do that as a matter of fact, but why I put this in here yesterday—it was after a discussion with Mr. Sifton—was the fact that he is concerned and his concern again is, I suppose, primarily from the estate taxes.

**Senator Prowse:** Well, suppose his father had done nothing but build up a trucking business that Mike would be taking over and then he would have precisely the same concern that you have here.

**Mr. Balmer:** I would think so, yes.

**Senator Prowse:** So this is not a problem that applies just to the publishing business?

**Mr. Balmer:** No.

**Senator Prowse:** But it applies generally to industry?

**Mr. Balmer:** Yes.

**Senator Prowse:** That is all I have on this point.

**The Chairman:** Senator Macdonald?

**Senator Macdonald:** In that third paragraph where you say:

"Business Week featured the City Magazine as the 'talk of the town'."



You say that there will be nothing more prevailing in the seventies than the increased need to be involved in one's own community.

To go down further it says:

"A deep involvement which can provide the sense of belonging—a special belonging which alone can insulate the human spirit from the weight of world involvement that is pouring in on everyone."

Do you care to explain that? I don't seem to be able to follow you?

**Mr. Balmer:** Well, if you like, the magazine as we view it—we think our success in this coming decade is going to be because we are appealing to people who are involved in their communities. The pressures—there are pressures as we all know—that are real pressures. We are talking of belonging to the community. *Toronto Life* is not a national thing, it is a local thing. We are trying to localize the entertainment, if you like—I have put this very badly and I apologize—but we are trying to be more entertaining in a localized way and this is a classic example, I suppose, of one phase of the magazine that takes the pressures off the world around us. If you see all the daily newspapers you will see that in most cases they are printing nothing but the bad news, and yet when I think it is balanced out it isn't all bad news. I think this is particularly so with our youth. It seems we have said nothing in the newspapers but bad things, and yet when you do surveys in any one paper or any one series of papers for a period of time that it is not all bad news. This is what we feel is going to be one of our functions—to entertain and remove these pressures that build up on an international basis.

**The Chairman:** Senator Petten?

**Senator Petten:** I would like to ask a question directed to Mr. Balmer. We have had many people who have come before us and to whom we have posed this same question. You have a regular travel department and when your editor travels, do you pay for their travel or accommodation, or do some of the other people pay for this, such as the airlines?

**Mr. Balmer:** No, I think Jim is the man to really answer this question, but I would think that they usually provide a seat on a plane for them to travel on, or something like that.

**Mr. Knox:** It isn't always that easy.

**Mr. Balmer:** It isn't easy, no, I would agree.

**Senator Petten:** But they would look after the travel?

**Mr. Balmer:** Yes.

**Mr. Knox:** I wouldn't say 100 per cent.

**Senator Petten:** But then are you not obligated to write about that airline or country, or what have you?

**Mr. Knox:** Well, I think if you read the article that *Merika Robert* has done where she referred to an airline—for instance she might say that the trip to New York via Air Canada was most pleasant, and the services were efficient, and this is about the only amount of mention they get.

**Senator Petten:** Well, supposing the service hadn't been good and supposing the food was chicken and again wasn't good...

**Mr. Knox:** No, because that isn't what the story is about. The story is about where she has been.

**Senator Petten:** Well, when she gets there by Air Canada—they are taking her there for free, aren't they?

**Mr. Knox:** In some instances, yes.

**Senator Petten:** The country she is going to is paying for it?

**Mr. Knox:** In some cases they pay for the hotels. *Merika*, if you will excuse me for using a modern idiom, tells it as it is. We are very proud of the fact that we have many letters on file which say to us that *Merika Roberts'* articles are factual and interesting. I can quote as a for instance a woman who wrote that she was recently in Spain and *Merika* had written not to go to such and such a place or restaurant because the food was poor, the service was bad and the prices were high. All of the travel catalogues offered this as the place to go—I went and I am sorry I didn't take *Merika's* advice. So, *Merika Robert* does tell us as it is.

**Senator Petten:** She does write things that are not too complimentary.

**Mr. Knox:** That is right.

**The Chairman:** I just have a couple of questions which I would like to ask.

On page 79 of your magazine is that an editorial page or is that an advertisement?

**Mr. Knox:** No sir. That is a paid advertisement and was created virtually at the request of a number of advertisers and primarily these.

**The Chairman:** But shouldn't you indicate that it is a paid page?

**Mr. Knox:** Well we don't because it is "Toronto's guide to excellent dining"—"not *Toronto Life's* guide"—we eliminated that word so the readers would not be confused with the fact that we were advocating that they should go here.

**The Chairman:** Well, you wouldn't agree then, Mr. Knox, that most people would think that this is editorial copy?

**Mr. Knox:** I would hope not. I think that we have made some errors in the presentation. I think, for instance, we should have had bolder headlines on the names of the establishments. I think we have made errors in the presentation.

**Mr. Balmer:** I think that the Chairman has made a good point Jim, and this is a new issue off the press yesterday and certainly we don't want to mislead anybody into thinking that this is anything but an advertisement. We like to use editorial style, if you like, because they are attractive, but I certainly don't think we were deliberately trying to mislead them.

**The Chairman:** May I ask you on page 3 of your brief in the second paragraph you say that you want your magazine to meet the specialized needs of that city. What are the specialized needs of Toronto in your opinion Mr. Balmer?

**Mr. Balmer:** Well, the specialized needs—using this word specialized—they are again removed from, say, a publication which we were speaking earlier as a national publication...

**The Chairman:** Yes, I understand.

**Mr. Balmer:** This would be something dealing with the intimate goings on in Toronto. These are things which are unique to Toronto alone.

**The Chairman:** By goings on you mean information about?

**Mr. Balmer:** Yes. Well, there is a story in this particular issue on page 43. Now, one thing we are not trying to do is become a dictating magazine but we do think there

are special problems that are unique to Toronto that we can deal with and this is the sort of thing that I had in mind there. Maybe the phrasing again—in the haste in which I dashed this brief off is somewhat misleading. I am sorry, but I did not intend it to be.

**The Chairman:** Well, just on the same subject—I don't want to chew it to death but you say in your four primary areas of service that *Toronto Life* will be a social instrument. What is *Toronto Life* going to do as a social instrument?

**Mr. Balmer:** Well again, dealing with subjects without becoming...

**The Chairman:** Well, you list here books, cinema, education, law, medicine, modern living, and so on and so forth, and you list a lot of things. I am not particularly proud as a Torontonians to inform my fellow Senators—I don't think I have to inform them, I think they know—that we have the most dramatic examples of urban poverty anywhere in Canada. Is this a thing which *Toronto Life* is going to concern itself with?

**Mr. Balmer:** Yes, sure. We have done and will do so but again without trying to be a crusading magazine.

**The Chairman:** What is wrong with being a crusading magazine?

**Mr. Balmer:** Well, we just don't feel that we ought to become a crusading magazine.

**The Chairman:** Why? Can you be a social instrument without crusading?

**Mr. Balmer:** Well, I think this again—we are trying to strive for a balance. There have to be people who are unconcerned. I think this is a basic problem with our community that there are people who are unconcerned. We, if we are going to be successful, we, again, we are trying to be balanced so we can deal with these things in a limited way without devoting our entire resources to all these things that are wrong. We don't think, and I don't think any magazine, or anybody, or any publication can survive if all they are going to do is pick out all the things that are wrong with their communities.

**The Chairman:** Well, are you going to pick out any?

**Mr. Balmer:** Are we going to?



**The Chairman:** Yes?

**Mr. Balmer:** Oh sure.

**The Chairman:** Well, there are lots of things wrong in Toronto?

**Mr. Balmer:** Yes.

**The Chairman:** Are you going to deal with these things?

**Mr. Balmer:** Yes. This is our thought again to deal with them in a limited way without becoming—I am sorry to keep on harping on this subject but we don't want to become a crusade magazine. We just don't think that this is feasible for our own welfare. The readers themselves...

**The Chairman:** Well, let us talk about the readers. That is really one of the other points that I wanted to raise. You made a reference to controled circulation magazines and the fact that you are not going to become one—

**Mr. Balmer:** No.

**The Chairman:** On page 3 again, the second last paragraph, you say:

"For it to succeed, we felt *Toronto Life* had to be important enough to interest the most involved and productive homes in greater Toronto—these had to be our target audiences."

Now, this phrase or sentence "the most involved and productive homes in greater Toronto"—you say these are going to be your target audience—isn't that the same target audience that *Toronto Calendar* is after? The identical audience?

**Mr. Knox:** I would say not, sir.

**The Chairman:** What is their audience?

**Mr. Knox:** Well, let me go back a little bit and explain it. Their medium is a device for creating advertising. When they started out they said that they were going to reach 80,000 people with incomes over \$10,000 in Toronto. Now, they have changed their tune a little and say that they now reach the 20 per cent of the audience of Toronto which are in the over \$10,000 bracket. Now, they are a free distribution. We could go that way...

**The Chairman:** Would you give me that figure again?

**Mr. Knox:** They are now saying that they reach 20 per cent—the 20 per cent of the

people in Toronto who have an income of \$10,000.

**The Chairman:** Yes.

**Mr. Knox:** Now, a magazine for instance like *Maclean's* could quite easily go out and acquire a three million circulation tomorrow, on free distribution, and as such become a very good advertising vehicle—not perhaps a productive one, an effective one, but to use the terminology that the television people have used they would have "reach". They would have cost efficiency and these are the things that they could get with free distribution, but when a person invests his dollars in a magazine like this he is doing it because he wants to do it and therefore he is going to become involved with it and becoming involved with it is part of the things that we are talking about. He will become an involved person in the community.

**The Chairman:** Well, I follow what you are saying. *Toronto Calendar* then reaches 20 per cent of the people in Toronto who make over \$10,000, but a highlight from an October 1969 study of *Toronto Life* subscribers estimated average household is \$15,500 and if 72 per cent of the reader household has \$10,000 or more income.

**Mr. Knox:** But we are not talking about those 20,000 people.

**The Chairman:** Well, nonetheless it says to me that you are after the same audience that *Toronto Calendar* is after?

**Mr. Knox:** Well, we are after that in a different way.

**The Chairman:** Well, I concede that at once.

**Mr. Balmer:** Well, the Senator is asking if we were actually in fact after the same audience and I think basically this is true.

**The Chairman:** I think they are.

**Mr. Balmer:** Yes.

**Mr. Knox:** I thought you said are we after the same audience.

**The Chairman:** Well, I think you are. You are both after the same audience.

**Mr. Knox:** Yes, but I would rather have it that they were coming after ours.

**The Chairman:** Well, I don't particularly care who is after whose audience, but the point is it is the same target group.



**Mr. Balmer:** Yes.

**The Chairman:** What concerns me is that there are an enormous amount of people in Toronto, the majority I would say that none of you care about in terms of magazine coverage. I am thinking of the people who ride the subways and who listen to Gordon Sinclair, who read racing forms and who watch Ed Sullivan on television, whose kids play hockey, the people who shop at Eaton's, and all this type of thing. I don't think these magazines reach those people?

**Mr. Balmer:** You are quite right.

**The Chairman:** You are not intending to?

**Mr. Knox:** No sir. We believe that there is a changing marketing concept in Canada. I think there is a changing attitude towards advertising, and attitudes towards readership of things, and there is a changing attitude of doing things. There is a changing attitude in the belief of things...

**The Chairman:** Well, as I look through the picture section I can't help but observe that these are real people but they are the beautiful people. I don't say that critically, incidentally, but for my own information that presumably is your target group?

**Mr. Knox:** Yes.

**Mr. Balmer:** Yes, I think you have a good point and again looking at this you are quite right. We have a colour shot there—and it was my own suggestion—because I go by that corner of Bay and Adelaide—the little boy that sells the fruits every day?

**The Chairman:** Yes, I know the corner.

**Mr. Balmer:** Now, we had his picture in that same section and it was because I thought this was Toronto and this is what *Toronto Life* is all about but we don't always stick to this sort of thing.

**The Chairman:** Please believe me I may sound as though I am being critical, I am not. All I am suggesting is that there is a considerable section of Toronto life who do not live beneath the poverty line that certainly are not in the Hunt Club set?

**Mr. Balmer:** Yes.

**The Chairman:** And I don't think you are reaching those people.

**Mr. Knox:** Senator, may I say this. We have now entered our fourth year of publishing.

The Sifton organization is entering its third year of ownership of this publication. There are some publications in this country who have gone past their fortieth year of publication and they still do not seem to know what their target group is or what their editorial philosophy will be. We must agree that we have not yet reached that decision. We hope that we can edit a magazine that will appeal to, that will interpret the activities and interest of the people—Torontonians who are involved and interested in their community.

**The Chairman:** Well, I must object very strongly to that statement because I think there are an awful lot of Torontonians who are involved and interested in their communities whose average income isn't \$15,500.

**Mr. Knox:** I agree, and we have done.

**Senator Prowse:** Mr. Chairman, with all respect this is an interesting dialogue but it is getting a little repetitious. You have brought up your point and they have stated theirs.

**The Chairman:** Well, I appreciate Senator Prowse's advice...

**Mr. Knox:** May I just make one more point?

**The Chairman:** Yes.

**Mr. Knox:** Two per cent of our readers earn under \$2,000—20 per cent earn under \$7,000. Fortunately or unfortunately, depending on the way you look at it, 12 per cent of our people make over \$20,000.

**Mr. Balmer:** I think in answer to this question...

**Mr. Knox:** I think we are reaching a fairly broad sector of interested people.

**Mr. Balmer:** I think you have a very good point and I appreciate your concern. There is a great number of people in the category that you are speaking of and I think it would be great if somebody could come along with a publication that would appeal to those people. They have a need for a publication such as that the same as anyone else, but I don't think you can just bridge the gap—it is a very difficult thing.

**The Chairman:** Well, I think Senator Prowse's point is well taken and we have dealt with that at enough length. Are there other questions that the senators have?

Well, that being so I wish to thank the witnesses and to say that perhaps unlike other

Senators I am familiar with *Toronto Life*—I have read it since its inception and I must say that I think that is an interesting magazine and I am delighted for example to have seen the story on Mr. Kennedy which I look forward to reading with great interest and I hope that I have not with my comments been forward in a critical sense at all.

**Mr. Balmer:** No sir.

**The Chairman:** We are grateful to you for coming and it was our original intention in

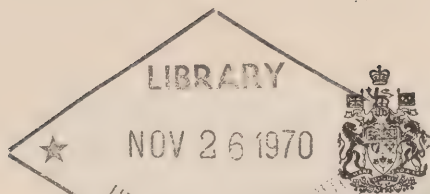
having you here—we did consider having you here at the time we had the newspapers but our second consideration was that it would be more helpful to us to have you here during the week that we were dealing with magazines. As you have pointed out in your brief the phenomenon of the city magazines is something new and something which will doubtless be an increasing trend and so we are very grateful to you for coming.

Thank you very much.

The committee adjourned.







Second Session—Twenty-eighth Parliament  
1969-70

# THE SENATE OF CANADA

## PROCEEDINGS

OF THE

SPECIAL SENATE COMMITTEE

ON

# MASS MEDIA

The Honourable KEITH DAVEY, *Chairman*

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**No. 23**

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TUESDAY, FEBRUARY 24, 1970

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### WITNESSES:

*Québecor Inc.*: Mr. Pierre Péladeau, President; Mr. Jean-Claude Elie, Assistant to the President; Mr. Jacques Craig, Managing Director. *Gelco Enterprises Limited*: Mr. Paul G. Desmarais, President; Mr. Jean Parisien, Vice-President; Mr. Jules Deschênes, Solicitor. *La Presse Ltée*: Mr. Pierre Dansereau, President; Mr. André Bureau, Executive Vice-President; Mr. Pierre Lafrance, News Director, *La Presse*; Mr. Jean-Robert Gauthier, Director of Personnel. *Les Journaux Trans-Canada Ltée*: Mr. Jacques-G. Francoeur, President; Mr. Yvon Dubé, President, *La Tribune*, Sherbrooke; Mr. Charles d'Amour, President, *Le Nouvelliste*, Trois-Rivières.

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SPECIAL SENATE COMMITTEE ON MASS MEDIA

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The Honourable L. P. Beaubien, Deputy Chairman

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Prowse

Quart

Smith

Sparrow

Welch

(16 members)

## ORDERS OF REFERENCE

Extract from the Minutes of the Proceedings of the Senate, Wednesday, October 29th, 1969.

With leave of the Senate,

The Honourable Senator Davey moved, seconded by the Honourable Senator Lang:

That a Special Committee of the Senate be appointed to consider and report upon the ownership and control of the major means of mass public communication in Canada, in particular, and without restricting the generality of the foregoing, to examine and report upon the extent and nature of their impact and influence on the Canadian public, to be known as the Special Committee of the Senate on Mass Media;

That the Committee have power to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of the inquiry;

That the Committee have power to send for persons, papers and records, to examine witnesses, to report from time to time and to print such papers and evidence from day to day as may be ordered by the Committee;

That the Committee have power to sit during adjournments of the Senate and that Rule 76(4) be suspended in relation to this Special Committee from 9th to 18th December, 1969, both inclusive, and the Committee have power to sit during sittings of the Senate for that period;

That the papers and evidence received and taken on the subject in the preceding session be referred to the Committee; and

That the Committee be composed of the Honourable Senators Beaubien, Davey, Everett, Giguère, Hays, Irvine, Langlois, Macdonald (*Cape Breton*), McElman, Petten, Prowse, Sparrow, Urquhart, White and Willis.

After debate, and—

The question being put on the motion, it was—

Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Thursday, November 6th, 1969.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Smith:

That the names of the Honourable Senators Giguère and Urquhart be removed from the list of Senators serving on the Special Committee of the Senate on Mass Media; and



That the names of the Honourable Senators Bourque, Smith and Welch be added to the list of Senators serving on the said Special Committee.

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Friday, December 19th, 1969.

With leave of the Senate,  
The Honourable Senator McDonald moved, seconded by the Honourable Senator Langlois:

That the names of the Honourable Senators Bélisle and Phillips (*Prince*) be substituted for those of the Honourable Senators Welch and White on the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Tuesday, February 3, 1970.

With leave of the Senate,  
The Honourable Senator McDonald moved, seconded by the Honourable Senator Langlois:

That Rule 76 (4) be suspended in relation to the Special Committee of the Senate on Mass Media from 10th to 19th February, 1970, both inclusive, and that the Committee have power to sit during sittings of the Senate for that period.

After debate, and—  
The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Thursday, February 5, 1970.

With leave of the Senate,  
The Honourable Senator McDonald moved, seconded by the Honourable Senator Haig:

That the names of the Honourable Senators Quart and Welch be substituted for those of the Honourable Senators Bélisle and Willis on the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Tuesday, February 17, 1970.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Connolly (*Halifax North*):

That the name of the Honourable Senator Kinnear be added to the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—

Resolved in the affirmative.

ROBERT FORTIER,  
*Clerk of the Senate.*





## MINUTES OF PROCEEDINGS

TUESDAY, February 24, 1970.  
(23)

Pursuant to adjournment and notice the Special Committee on Mass Media met this day at 10.00 a.m.

*Present:* The Honourable Senators: Davey (*Chairman*); Beaubien, Kinnear, Petten, Prowse and Smith. (6)

*In attendance:* Miss Marianne Barrie, Director and Administrator; Mr. Borden Spears, Executive Consultant; Mr. Yves Fortier, Counsel.

The following witnesses, representing *Quebecor Inc.*, were heard:

Mr. Pierre Péladeau, President;

Mr. Jean-Claude Elie, Assistant to the President;

Mr. Jacques Craig, Managing Director.

At 12.25 p.m. the Committee adjourned to 2.00 p.m.

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At 2.00 p.m. the Committee resumed.

*Present:* The Honourable Senators: Davey (*Chairman*); Beaubien, Kinnear, Petten, Prowse and Smith. (6)

*In attendance:* Miss Marianne Barrie, Director and Administrator; Mr. Borden Spears, Executive Consultant; Mr. Yves Fortier, Counsel.

The following witnesses were heard:

Mr. Paul G. Desmarais, President, Gelco Enterprises Limited;

Mr. Jean Parisien, Vice-President, Gelco Enterprises Limited;

Mr. Jules Deschênes, Solicitor, Gelco Enterprises Limited;

Mr. Pierre Dansereau, President, *La Presse, Ltée*;

Mr. André Bureau, Executive Vice-President, *La Presse, Ltée*;

Mr. Pierre Lafrance, News Director, *La Presse*;

Mr. Jean-Robert Gauthier, Director of Personnel, *La Presse*;

Mr. Jacques-G. Francœur, President, Les Journaux Trans-Canada Ltée;

Mr. Charles d'Amour, President, *Le Nouvelliste*, Trois-Rivières;

Mr. Yvon Dubé, President, *La Tribune*, Sherbrooke;

The following witnesses were present but were not heard:

Mr. Claude Lavergne, News Editor, *Dimanche Matin*;

Mr. Jean-Guy Faucher, C.A., Vice-President, Administration and Finance, Les Journaux Trans-Canada Ltée.;

Mr. Eric Ferrat, Vice-President, Production and Research, Les Journaux Trans-Canada Ltée.; President, *La Voix de l'Est*, Granby;  
Mr. Laurent Leduc, President, *Photo-Journal*; President, *Dernière-Heure*;  
Mr. William Chabot, Director, Internal Control, Les Journaux Trans-Canada Ltée.

At 6.10 p.m. the Committee adjourned.

ATTEST:

Denis Bouffard,  
*Clerk of the Committee.*

## SPECIAL SENATE COMMITTEE ON MASS MEDIA

### EVIDENCE

Ottawa, Tuesday, February 24, 1970.

The Special Senate Committee on Mass Media met this day at 10 a.m.

**Senator Keith Davey** (*Chairman*) in the Chair.

**The Chairman:** Honourable Senators, we are receiving a brief from Québecor Inc. Sitting on my immediate right is M. Pierre Péladeau, the President of Québecor Inc. Accompanying him this morning, on his immediate right, is M. Jean-Claude Elie, Assistant to the President of Québecor Inc.; and on my immediate left is M. Jacques Craig, Managing Director of Québecor Inc.

M. Péladeau, as we requested in our guidelines, the brief you prepared was sent several weeks in advance of this hearing. It has been circulated to the Senators and, presumably, studied by them. We now turn to you for an opening statement in which you can explain your brief or expand upon it, amplify it, add to it or say other things which you may have in mind.

In our question period we will ask questions on your brief and oral statement and, perhaps, on other matters which interest us and which may not be referred to by you. We will put our questions to you, but you should feel perfectly free to refer the answering of such questions to either of your colleagues.

[*Translation*]

**Mr. Pierre Péladeau, President of Québecor Inc.:** We are appearing before you because we believe that we have gone through times which perhaps few people or few printing firms have gone through in the past few years. We believe that we are the only ones who have succeeded in giving birth, so to speak, or in bringing into the world a daily newspaper under present conditions, with all the technological difficulties which confront anyone who wants to start up a newspaper.

We thought—particularly after a few briefs which have been submitted to you to the effect that it seemed to be impossible to start up a daily in a region where there already was one—I am referring particularly to a statement by Mr. Bassett who has stated right here, I believe, (at least if we are to believe the reports that have been published) that he did not see any possibility of starting up a new daily in a region that already has one—we think we have proved the opposite. At present we are publishing two dailies which were created out of nothing. The first, *Le Journal de Montréal* has a circulation, according to the reports of the A.B.C. of September 30, 1969, of 58,000 copies a day. At the present time, we are over 60,000 copies a day. That will actually be shown in the forthcoming reports of the A.B.C.

In order to succeed in this venture, we have gone through enormous difficulties, which we mention mainly in our brief. Let us say, at the outset, that to start up a daily at the present time, it must be done with enormous temerity, and undoubtedly, perhaps, a certain sense of adventure. It is not an easy thing. At the outset, we had almost everything imaginable against us. First, there was the feeling, or I would even say an opinion, circulating in our opinion, falsely, to the effect that it is not possible to start up dailies today. We believe that we have proved the opposite. But to do that, we had to overcome extraordinary difficulties, including the difficulty of building up a circulation, the difficulty of getting the press services essential to the publication of a newspaper, and then the distribution services for putting this newspaper at everyone's disposal. Secondly it was also necessary to get advertising support, without which a newspaper today cannot prove itself. We solved those phenomena, with a great deal of trouble but also with a great deal of joy, because, to succeed in such an undertaking gives an enormous amount of joy.



There was question before your Committee about the danger of ownership concentration of the printed media. I believe, today, that that phenomenon can no longer even be discussed because it is a phenomenon that we have to live with. Certainly the large newspaper firms, that have means available that we do not, can pay prices that we cannot pay. Our stand, when faced with that fact, instead of fighting at a disadvantage with firms which, at the outset, were in a position to offer more than we could, was to start publications ourselves. Therefore, I think that the best answer at present to the concentration phenomenon is to start up new publications, and it is feasible, in spite of what is said about it.

To do so, we drew up a few recommendations which, if they were implemented, might permit the birth of new daily publications, particularly in the Province of Quebec.

The Ontario market has permitted and has proved, moreover, the possibility of having dailies in several small localities. In Quebec, that does not exist. We have publications concentrated in the large metropolitan areas, namely Montreal, Trois-Rivières, Sherbrooke; but there are, nevertheless, in our opinion, several other locations where the publication of dailies might be successful. It is our intention to meet that obligation. We are counting on applying the techniques that we used in the case of *Le Journal de Montréal* and *Le Journal de Québec*, with which we are not yet at the stage of operating at a profit. We believe that we must and can do it this year.

We suggest several types of recommendations. We believe, and at that moment we fall somewhat in the same position as Mr. Bassett, that paper companies could be of great use in permitting the birth of new dailies. To do so, they would have to offer favourable prices to these new dailies. It is obvious that they can do so, on their own, but it is rather doubtful, and it is a bit quixotic to hope that they will do it. At the same time, the government could perhaps allow them, through tax arrangements, to meet and offer any assistance whatever to the new dailies. So we believe that the federal government could be of great usefulness.

In Quebec, and we mentioned this in our brief quite precisely, we are used very emphatically by the provincial government which makes great use of the media, of dailies to express its messages. If the federal

government used similar methods, we believe that that might enormously help the dailies, particularly those which are having difficulties when starting up. Also as we mentioned in the brief, since the federal government undertakes to become our partner when things are going well for us—a 50 per cent partner, moreover, that is, a major partner—why would it not be our partner also at a time when we need it? We have always thought that a partner should show his worth not only at a time when it is a question of reaping the profits but also when it is a question of bearing the initial difficulties. We believe that the federal government particularly is not fulfilling its role completely.

As we also mentioned in the brief, the newspaper, the daily particularly, generates regular employment, in addition to being a very important economic lever. It is public knowledge that when a city—this is what is happening now in Vancouver, and what happened recently in Detroit—when a city experiences a newspaper strike there automatically is an economic slowdown. In our opinion, this is therefore important and relevant enough proof of the very important economic role, I would even say major role, of a daily in any city whatsoever.

Furthermore, apart from the fact that the federal government could give positive assistance by giving advertising—and it could do so by spreading out such sums, (because after all the federal government spends considerable sums in various media), I do believe that by diversifying slightly such types of advertising, it could be a more direct way of presenting its message.

Furthermore, starting up a daily requires sums of money, considerable expenditures. We also suggest that there be a certain tax abatement formula. This is one way; there surely are several others.

The federal government, among others, subsidizes certain industries, such as the mining industry, which represents considerable sums of money invested, with considerable risks. We believe that starting up dailies falls somewhat in the same category, and we do not see why it would not be possible to have government help there also. It would be, let us say, the opposite of advertising assistance, a somewhat negative element—that is, the publisher, or the entrepreneur who feels the obligation or who answers a need to start

up a daily would be able to recover a part of the losses incurred by this daily.

For a number of years, we have seen the collapse of a certain number of dailies. Some, at the outset had every reason to succeed. They had a great deal of capital and they had very able and experienced teams of journalists. For our part, we did not have such opportunities and we did not have such advantages. But, if such publications which have gone under had taken advantage of the suggestions we are making, perhaps they would still be with us.

Let us say that we ask the question, and we very much hope that the federal government particularly will revise its stand both at the tax level and in a greater understanding of the role of the dailies.

For our part, we have been handicapped, at the start, in several ways, and we still are. We are forced to handle only local news because our present means do not permit us to do what we would like to do. As we progress, we are counting on contributing all the elements and all the staff which make up a complete daily. But to do that, obviously, we must have greater advertising support and this is what we are counting on at present. As we are progressively more capable of being more and more profitable, we shall give our newspaper the elements it is lacking. We are counting, at that moment, like everyone else, on offering a more complete newspaper, which will be ahead of the news, and in the new spirit which is today the French Canadian fact.

There it is, gentlemen.

[Text]

**The Chairman:** Thank you, Mr. Péladeau. I gather that the other two gentlemen are not going to speak now, but they are available for questions.

**Mr. Péladeau:** Certainly.

**The Chairman:** I think perhaps we should begin with Mr. Fortier.

[Translation]

**Mr. Fortier:** Before I went to university, I recall that my father told me (because I hinted to him that I was not sure whether I should practise law) that law leads to everything. And if I look before the Committee today, I notice that it is true that law leads to

everything. You, yourself, have studied law and Mr. Elie also studied law, didn't he?

**Mr. Jean-Claude Elie, Assistant to the President, Québecor Inc.:** That is correct.

**Mr. Fortier:** Mr. Péladeau, did your law course prepare you more particularly for the role that you are playing today in your communications undertaking?

**Mr. Péladeau:** I would like to say, Mr. Fortier, that before studying law, I took a degree in philosophy and, from the degree in philosophy, I was faced with the necessity of taking a degree in law. I think that both have been useful to me.

The publishing phenomenon can be considered on two planes, I think. On one hand, there is the so-called philosophical, disparate and esoteric element; on the other hand, there is an extremely practical, extremely real and extremely authentic element. Both have been very useful.

**Mr. Fortier:** Why did you invest in the print medium rather than in another field. What attracted you to print?

**Mr. Péladeau:** I might wonder what attracted Mr. Dansereau to it?

**Mr. Fortier:** He would answer: money.

**Mr. Péladeau:** And I would answer the same thing. I think that if one wants to be honest, it is almost the same problem everyone has, because a press undertaking must first of all be a profit making undertaking; otherwise there are no advantages.

**Mr. Fortier:** That is what you say in your brief.

**Mr. Péladeau:** Yes. Therefore, from that, once profitability has been established, if you have something on your mind and if you have something to say, I think that it is only from that moment on that you can contribute anything. I cannot conceive of a press undertaking at the present time as an educational undertaking, contrary to several other opinions. I believe that education comes as an extra. I do not believe that a newspaper reader at the outset wants to be educated. I do not believe that. I believe that a reader wants to get news; then at that moment, that depends on "what is news"? In our case, we took it for granted that the news that we



could get, with the basic means that we had, was local news. As we progress, we shall go and look for more comprehensive news in other areas.

**Mr. Fortier:** Do you feel a very special responsibility due to the fact that you are the owner of a daily, or of a weekly? What I mean is if I drew a comparison between...

**Mr. Péladeau:** A car salesman and a newspaper salesman?

**Mr. Fortier:** That's it, although I believe that there is a difference...

**Mr. Péladeau:** I think that there is a great difference. Although a car salesman must sell a car that is in order, what happens quite frequently is that he sells a lemon. Well I think that he will not be selling for long. Therefore, a newspaper is almost the same thing. We have to give information in the newspaper that is correct, that is fair, because, if you give information that is incorrect or incomplete, well, you will not keep your readers. It's as simple as that. The quality of the newspaper necessarily goes with your reader.

**Mr. Fortier:** Would you go so far as to say that the citizens of Montreal were poorly served by the newspapers they had in 1964, is that why you decided to start up in the newspaper publishing field?

**Mr. Péladeau:** It is not really up to me to answer that. At the present time, if we have sixty thousand readers, they are sixty thousand readers who certainly were dissatisfied elsewhere.

**Mr. Fortier:** You answered a certain need?

**Mr. Péladeau:** Without a doubt.

**Mr. Fortier:** I am sure that before starting up a daily; you had profitability studies made?

**Mr. Péladeau:** Curiously no. We left that to others. And, a remarkable thing, *Le Nouveau Journal* and *Métro-Express*—two dailies that were started, one shortly before us and the other at approximately the same time—made many studies and the studies were summarized in a rather curious way because they are more or less valid today. But no, we did not make studies.

**Mr. Fortier:** You did not make studies?

**Mr. Péladeau:** Not at all.

**Mr. Fortier:** Are the members of the Committee right in believing that you, as a Montrealer considered that there was a shortcoming, that there was a gap that had to be filled?

**Mr. Péladeau:** Undeniably.

**Mr. Fortier:** Was that gap, at that time, in 1964, exclusively in the field of local news or in the field of sports, or were those two fields imposed on you by circumstances?

**Mr. Péladeau:** When we started *Le Journal de Montréal*, *La Presse* was on strike. Even though we knew that *La Presse* would not be on strike long...

**Mr. Fortier:** But you had decided before?

**Mr. Péladeau:** Yes, we had decided to start the newspaper in the fall. We went ahead with our project because at the same time we learned that another group was planning to start up a daily newspaper, and we got a head start.

The study was fairly simple. I read in *Executive* recently a very fine biography of a man who heads Versafood Services Ltd. who said that he had started his firm after noting that there was a definite gap on the market and that he intended to fill that gap through his firm.

We examined the market in a very simple way. We had before us *Montréal-Matin*, which was heavy on sports, with an extraordinary sports section, particularly professional sports. But they had a very definite shortcoming: as a political newspaper, they put a great deal of emphasis on the political party to whom they had to answer.

On the other hand, there was also *Le Devoir* which, in our opinion performed and still performs, an essential role but which was nevertheless a newspaper which placed very little importance on information. There was *La Presse* which, in our opinion also, represented a very heavy monument and perhaps too heavy, in that it was thick and it took too long to read. We recognize the fact that the impact of television, which attracts a large audience, does not permit a publication as large and as complete as *La Presse* to be read fully. On the other hand, *La Presse* could



afford to have four or five representatives in Quebec, three or four in Ottawa, and news services which were too costly for us; so we went to specifics.

There were things that the others did not publish; in particular *Montreal-Matin*, which was greatly concerned with sports, (I am speaking of professional sports) had neglected amateur sports. We are greatly oriented towards amateur sports and I believe that we have filled a gap, a vacuum, and from that moment on, we have attracted a public interested in amateur sports. As for news, the same thing applied. If there was local news, whether it was *Montreal-Matin* or *La Presse* that had more substantial means than we did, it would cover the event in question, but we were also able to cover it. And if we were able to cover it better and more completely than they did, we had a response.

At a time, when it was being said—and people were repeating everywhere—that it was impossible to produce an off-set daily, we proved that it was possible to do it. The off-set enabled us to have extraordinary clarity of photography and a graphic play that ordinary typographic printing did not permit. Thus we made use of the means we had and we maximized them as much as possible and from that moment on, we had created an identity. We did not try to go into the others' market and we did not try to come up with a publication that we could not cope with.

At that time, I used an expression which has proven quite true. When *Le Nouveau Journal* was published, I said to my friends—the mistake that *Le Nouveau Journal* is making is that they want to compete right from the start, completely and directly, with *La Presse* and with services that are as large as *La Presse*. *La Presse*, having been built up over a number of years, did not become *La Presse* in three or in five years. It took a long time. First of all, there is an element of continuity.

It's as if someone in Montreal were to decide one day to open as large a store as Eaton's beside Eaton's. I think that it would not be able to breathe. It has to be done gradually and very calmly, taking on the difficulties of starting up and correcting them as they arise.

**Mr. Fortier:** Now, in your opinion, is that the major reason for the failure of *Le Nouveau Journal* which tried to compete on the same level with *La Presse*?

**Mr. Péladeau:** Undeniably, and the second reason is that they, at the same time, wanted to make all the same services available. What was also one of the major handicaps, was that they were not putting their paper on the market. There is not much point in having the best paper in the world...

**Mr. Fortier:** The newspaper has to be on the market...

**Mr. Péladeau:** Yes, and whether it is the most complete, or the best produced, if people cannot buy it, obviously, you are then wasting your time.

We believe that a daily at the outset must first of all have an element of continuity which people can find in your newspaper. It has to be there. Whether it is well produced or badly produced—it has to be there. From the moment that it is there, you can be in a position to be able to make corrections inch by inch. I think that it is the one and only way to make corrections—as you notice errors.

**Mr. Fortier:** What are you planning to correct now in *Le Journal de Montréal*?

**Mr. Péladeau:** Oh, we have a long way to go—we are just beginning, really. Our next step will be to have very comprehensive reporting. Except occasionally in a few other papers, we do not see properly conducted inquiries these days, with complete reports on given topics. I would say that the press—I mean that in the broad sense, I am not referring to the Montreal daily, *La Presse*—in Quebec, especially in Montreal, has in some cases failed to fulfil what I believe is its appointed role.

As examples, I would cite the Ville St-Michel incidents, in which a young lawyer instigated a complete reassessment, and corrected some rather questionable conditions. I cannot see why these problems and this scandal, were not exposed by the newspapers. I believe that on that occasion it was the duty of the newspapers to expose the situation, and not the duty of a young lawyer, risking his health and possibly even his life to shed some light on some very suspicious conditions.

**Mr. Fortier:** You are replying here, are you not, to opinions expressed by journalists who preceded you here, that a newspaper's function in a community is not only to report news, but also to make news, as it were?

**Mr. Péladeau:** That is absolutely right; but in order to do it, you have to have the means.

**Mr. Fortier:** You have to have the means—and it is in that area that you intend to work now to improve your paper?

**Mr. Péladeau:** Most certainly. Moreover, and here we are talking strictly about Quebec—we feel that the French-language press is not doing its job reporting economic affairs. What we have in Quebec newspapers are bad financial pages from the *Toronto Star*, the *Toronto Telegram* or the *Globe and Mail*. We have taken more or less the same attitude as the Toronto papers, and made poor copies of them. We intend eventually to have a financial section, clearly based on the Quebec economy which actually is not at all the same as that of Ontario or that of Eastern Canada. We feel we have something to say in this area, and we are going to say it.

**Mr. Fortier:** By emphasizing today, as you have for the last five years, local news and especially amateur sports news?

**Mr. Péladeau:** We started by emphasizing amateur sports. Last year, with a profit margin assured, we went a step farther, and set out to get what we consider the best sports reporting team in Montreal. We believe that we now have the best sports news of any paper in Canada. We have a complete and absolutely first-class sports section, including amateur sports. We started out with just amateur sport, and today we have complete sports coverage. We think we have the most complete sports section anywhere in Canada. We intend to take roughly the same course in other fields.

Our broader ambitions are in other fields. I was talking about the area of major reports...

[Text]

**The Chairman:** If I could just ask you a question about this sports coverage. Is the ratio now about fifty per cent amateur and fifty per cent professional?

[Translation]

**Mr. Péladeau:** Perhaps not fifty-fifty, but "over and above", yes.

[Text]

**The Chairman:** In other words, you still give the coverage to amateur sport that you

began with—I mean, you have not abandoned that?

[Translation]

**Mr. Péladeau:** Oh, no. I would even say we were very wise—I don't want to take all the credit, but I think that is pretty fair. We had a lot to do with the upsurge in the junior leagues, for example. In 1964 and 1965, junior games were played before very small crowds. In the 1968-69 season, with the added importance we gave them—we were followed in this by the other papers, because it was we who started the trend—there are crowds of as much as fifteen thousand for junior games; they have the same importance as the big leagues.

[Text]

**The Chairman:** May I interrupt you with just one more question? This really refers to your weekly, which we will be talking about later, but I noted in your brief you said that a weekly devoted to sports would not be successful. Why is that? I would be surprised if that were so.

[Translation]

**Mr. Péladeau:** The reason is very simple.

Because the daily papers do a very good job with sports.

[Text]

**The Chairman:** I am thinking about the success of *Hockey News*, which I think you would agree is a successful publication. It has a big circulation in Quebec as well.

**Mr. Péladeau:** I know very well, because we print *Hockey News* in one of our plants.

**The Chairman:** What is the circulation of *Hockey News*—do you know?

**Mr. Péladeau:** I think it may be around 20,000...

**The Chairman:** Oh no, I think it would be much bigger.

**Mr. Jacques Craig, Managing Director, Québecor Inc.:** It is around 100,000.

**Mr. Péladeau:** I am surprised. It would seem to indicate that the English press is not covering sports as well as we are.

**The Chairman:** That is a good answer. You stand by that statement that a sports weekly would not be successful in Quebec?

[Translation]

**Mr. Péladeau:** For a very simple reason: there have been three or four weekly sports paper ventures that have failed, one of which was particularly well produced.

[Text]

And we were printing it too, so there was a very good printing of it.

**The Chairman:** Just expanding on your comment on coverage in English Canada, it is my understanding that *Hockey News* exports more issues to the United States than any other Canadian publication—newspaper, magazine or anything else. Is that true?

[Translation]

**Mr. Craig:** That is true. I think it is sold in every stadium in North America where hockey is played.

**Mr. Fortier:** It is the same story as with *Time* magazine, only the other way around?

**Mr. Péladeau:** Yes, that is quite correct. I saw that my friend spent six or seven millions on *Le Sport* and *Le Spectacle* and that is a low estimate, in that field.

**Mr. Craig:** Nor should we forget *Parlons Sport*, which was owned by Mr. Fancœur, who is here in this room. Much care was taken with it, and a good many formats were tried, without it, I think, ever showing a profit. For an unknown reason, sports papers have found it very difficult to survive in Québec—French-language ones, at any rate.

**Mr. Péladeau:** There is also another problem. French-language sports papers have had much more difficulty in obtaining advertising from the United States. That is one reason; it is related to what was said in our brief. It is obvious that the agencies, which are largely concentrated in Toronto, do not fully grasp the scope of the French-language papers. As I mentioned, there is no doubt that a newspaper like our own, *The Journal de Montréal*, or *Journal de Québec*, if they had been launched under the ownership of a large chain, either in Toronto or elsewhere, would have benefited from the services of a sales force, something we did not have. We have to build one up and we not only have to build up a sales force, but we also have to justify ourselves in the minds of English-language agencies that find it difficult to grasp the scope of our paper.

**The Chairman:** Mr. Fortier?

**Mr. Fortier:** I should like to return to that point later. There is no doubt that when you are discussing sport, you have some very sympathetic ears to your left...

[Text]

**Mr. Péladeau:** Yes...

**The Chairman:** But the Maple Leafs and not the Canadiens, that should be made clear.

**Mr. Péladeau:** That is a good thing because the Canadiens help us a lot.

[Translation]

**Mr. Fortier:** What I am wondering, and this may be typical of your average reader—if such a person exists—is whether the Montrealer who buys *Le Journal de Montréal* or the Quebecker who buys *Le Journal de Québec* has the full range of international news, women's page, sports, etc.; Is the news necessarily restricted to those fields in which you have decided to offer him full coverage?

**Mr. Péladeau:** That is true, yes.

**Mr. Fortier:** Is he satisfied with that?

**Mr. Péladeau:** Yes, on the basis of the principle that, since we could not cover the rest completely, we tried to give full coverage to what was within our capabilities.

**Mr. Fortier:** It obviously satisfies some 50,000 to 60,000 people in Montreal?

**Mr. Péladeau:** On the other hand, of course, we should say that, as our readers very probably realize, we are putting into our papers, to the extent that we can afford it, the quality we know it lacks. We are well aware that our international news coverage is very weak. We shall have much better international news photography as and when we have more to spend in that area.

**Mr. Fortier:** From the point of view of readership, who is your main competitor? It's *Montréal-Matin*, is it not?

**Mr. Péladeau:** It is probably *Montréal-Matin*, yes. The remarkable thing is, though, according to the latest figures, which are for September 30, 1969, our circulation is up by 4,000—from 46,000 we went to 50,000. While the other papers, the *Star*, the *Gazette* and even *Le Devoir* lost circulation, our own increased and so has that of *Montréal-Matin*. It is rather interesting to note that the ones that



could be expected to be our competitors also had an increase.

We are inclined to believe there is simply a shift away from the evening papers towards the morning ones. This is the case in the United States. We are experiencing a rather unusual phenomenon here in Canada, because even in Toronto, as well as in Montreal, it is the evening papers that receive the bulk of the advertising, while in the United States it is the morning papers that have both the circulation and the advertising.

**Mr. Fortier:** How do you explain this phenomenon, Mr. Péladeau, in the light of your experience?

**Mr. Péladeau:** It is probably because the morning papers have not done their job properly, and perhaps we are now covering the market more than it was covered. We are taking a place that did not exist; we certainly are not gaining it at the expense of *Montréal-Matin*, since that paper is also making constant progress. It is the evening papers—although the *Gazette* and *Le Devoir* are morning papers—it is the evening papers, that have lost ground.

**Mr. Fortier:** You are in competition with a political paper, *Montréal-Matin*, are you not?

**Mr. Péladeau:** Yes.

**Mr. Fortier:** If your competitor were not a political paper, would you produce a different paper? Is the appearance of your product dictated by the policy or "politics" of *Montréal-Matin*?

**Mr. Péladeau:** Well, the question is a hypothetical one, but I think we might change our approach in that event.

**Mr. Fortier:** You are politically independent at present?

**Mr. Péladeau:** Absolutely.

**Mr. Fortier:** Do you think there is a future, firstly, in Quebec, and secondly, in Canada, for what are called political newspapers?

**Mr. Péladeau:** To a lesser and lesser extent.

**Mr. Fortier:** How do you explain that?

**Mr. Péladeau:** I feel that today, it is rather like the editorial aspect. We do not believe very much in an editorial page. We have a page—not really an editorial page—on which we allow three political parties to express

their views, as we have stated in our brief. We have two provincial Government ministers, Mr. Cardinal and Mr. Tremblay, who provide us with weekly comment. We have Mr. Bourassa or, until quite recently, Mr. Laporte, plus two members of the Parti Québécois, which gives the public a full range from which to choose. We regard the editorial column as an almost entirely paternalistic phenomenon. I do not believe that people today read an editorial and then form an opinion. Perhaps the editorial was valid twenty years ago, but we have less and less faith in it today.

**Mr. Fortier:** You do not think that a newspaper in a given community should express its point of view on a topical problem?

**Mr. Péladeau:** In such a case, it is not the newspaper that is giving its point of view, it is one man, x, y, or z, one person's opinion.

**Mr. Fortier:** John Bassett of the *Toronto Telegram* told us that there was not a single opinion expressed on its editorial page that he did not endorse 100 per cent, and that he would not allow an editorial to be written with which he did not agree.

**Mr. Péladeau:** That is pure paternalism.

**Mr. Fortier:** But you do not think that is a newspaper's function?

**Mr. Péladeau:** I do not think you can dictate the thinking of 50,000 or 150,000 people.

**Mr. Fortier:** I might say, though it is not my intention to argue with you, that perhaps it is not the aim of the editorial to dictate people's thinking, but rather to act as a sounding-board and review broad problems?

**Mr. Péladeau:** Mr. Fortier, both you and I have read editorials on the White Paper. Now the interesting thing is that the editorials came two or three days after the publication of the White Paper, and any tax expert will tell you that he studied it for two or three weeks before being in a position to make a judgment. Yet a number of editorial writers gave their opinions two or three days after, so unless they are born with the knowledge, they must be extraordinary people with a highly developed feeling for economics.

**Mr. Fortier:** I think that is an excellent example, but I could suggest to you that in an election period, is it paternalism?

**Mr. Peladeau:** There, it becomes favouritism.

**Mr. Fortier:** No, to say on the eve of the election, or the day before that, for the following reasons, *Le Journal de Montréal* endorses Candidate X rather than Candidate Y?

**Mr. Peladeau:** That is a prime example of prejudice.

**Mr. Fortier:** You do not think that is the function of the written press?

**Mr. Peladeau:** I do not think so. I think it is an outdated function.

**Mr. Fortier:** Really?

**Mr. Peladeau:** It is a fact that we are today witnessing a protest movement, particularly among the young people, a movement that is universal in character but comes down to a refusal to be told: look, here it is in black and white, you are going to do this and that. It is a very good thing that people today are able, or think they are able, to make their own decisions. I think it is a very healthy phenomenon.

**Mr. Fortier:** So a newspaper should inform, period?

**Mr. Peladeau:** I think that is a newspaper's primary function.

**Mr. Fortier:** And after that?

**Mr. Peladeau:** After that, perhaps to act as a watchdog over situations that should be condemned and corrected.

**Mr. Fortier:** This is what you were speaking of just now—in-depth reporting?

**Mr. Peladeau:** Take the city of Montreal, for example, where we are not yet in a position to do it, because it requires highly specialized journalists and qualified people who have the time to do it, and can give it, not only the necessary time, but also the money. A man covering Montreal City Hall, at present cannot get very far, nor can those covering the provincial legislature or, I might even say, Parliament, where everything that can be given out is handled by press releases. There are many things that lie behind the press releases, but finding them requires thorough inquiries. The work requires, firstly, extremely competent people and, secondly, budgets to match.

**Mr. Fortier:** Primarily to inform and then to shed light in areas where you have the necessary manpower to do a satisfactory job?

**Mr. Peladeau:** I think the best example is the one I gave—Ville St-Michel. The same thing now applies to Ville d'Anjou, in Montreal, and it could apply to all the other areas.

**Mr. Fortier:** I am looking here—what is it called—I forget the exact word?

**Mr. Craig:** The masthead?

**Mr. Fortier:** The masthead, thank you. Do you have full-time journalists in places other than Montreal and Quebec City?

**Mr. Peladeau:** No.

**Mr. Fortier:** You do not. Do you intend to?

**Mr. Peladeau:** Yes. In particular, we intend to cover Ottawa, something we shall be doing shortly.

**Mr. Fortier:** I would very much like, as I am sure the members of the Committee would, to hear your comments on a phenomenon peculiar to Quebec; as you say in your brief, as in many other fields, Quebec is not like the other provinces. How is it that the weekly has always been successful in Quebec, while dailies are not as popular there as they are in other Canadian provinces? How do you explain this phenomenon?

**Mr. Peladeau:** First of all, there is the language factor. In Ontario, for instance, it is possible to obtain good-quality magazines—*Life*, or *Time*, or *Look* or *Fortune*. This gives a much wider choice than we have in Quebec. Because of the language factor, these magazines have a much smaller impact in Quebec than they do in the English-language provinces. This meant it was very easy to fill the vacuum, and that is why the newspaper, which costs much less to produce than the magazine, has been able to meet a need.

**Mr. Fortier:** What you call newsprint magazines?

**Mr. Peladeau:** Yes.

**Mr. Fortier:** Do you really think magazines are a lost cause in Quebec today?

**Mr. Peladeau:** Oh, yes, undeniably.

**Mr. Fortier:** Naturally, the representatives of *Actualité*, and even Mr. Robert Allard of *Sept-Jours*, whom we heard last week, struck



a very different note. Do you think they are being optimistic?

**Mr. Peladeau:** I would say they were over-optimistic. With regard to *Actualité*, we refer to it in the brief as a magazine that is here to stay, though not mentioning it by name. Let us say that, from the outset, they enjoyed rather unusual assets; they built up a readership through a variety of techniques, though it is not certain they can meet its needs. The magazine *Actualité*, which appeared as a parochial publication, was in reality strictly a clerical magazine. They changed their approach recently and moved into something else. They may be capable of making the change, but in order to do so, they must rely heavily on advertising. As far as advertising is concerned, they must show an ability to keep their production costs competitive with those of magazines like *Châtelaine* or *Le Magazine Maclean*. These magazines are counterparts of English-language publications, and therefore enjoy support that is much more readily obtainable than is available to *Actualité*. They thus stand a chance of taking over the market sooner or later, particularly if we go by the last report of Grant Johnson Ltd., which clearly stated that magazine advertising was falling off.

I think they are being optimistic.

**Mr. Fortier:** They nevertheless have quite a large and impressive circulation, between 125,000 and 150,000?

**Mr. Peladeau:** Yes. Besides, magazines are now being supported in a different manner from our publications. They are sustained solely by advertising while we rely on our circulation. I think this is why we have confronted the agencies with a phenomenon they do not yet seem to understand; in other words, we have the circulation, we have a devoted readership, and we therefore have the medium that gives access to the markets they wish to reach.

**Mr. Fortier:** Last week, Mr. Robert Allard said the exact opposite with regard to *Sept-Jours*. He said his magazine was going to survive not by advertising alone, but also by its circulation. He was going to charge \$10 for a year's subscription, and that was going to give him the necessary funds to publish his magazine.

**Mr. Peladeau:** Mr. Allard is a very good friend of mine, and I wish him all possible good luck.

**Mr. Fortier:** Still in the daily newspaper field, force of circumstances has led you to specialize in local and sports news. Have you also specialized in the field of weeklies?

**Mr. Peladeau:** Yes, in the same way.

**Mr. Fortier:** You stress the theatre and entertainment, do you not?

**Mr. Peladeau:** Yes, that is correct.

**Mr. Fortier:** Except for *Le Nouveau Samedi*?

**Mr. Peladeau:** That is right.

**Mr. Fortier:** Have your studies, or your lack of studies...

**Mr. Peladeau:** We do studies every day.

**Mr. Fortier:** Has your experience shown that these weeklies that emphasize show business in French Canada have their equivalent in English Canada?

**Mr. Peladeau:** No.

**Mr. Fortier:** The second question, once again, is: why?

**Mr. Peladeau:** I think it is because of the very large number of American publications available in Ontario and the rest of Canada.

[Text]

**The Chairman:** But the American publications do not give the same kind of coverage.

First of all, before I go into that, I should like to ask you a more general question: Why are there so many? Are they competitive with each other? How do they differ?

**Mr. Peladeau:** Some of them are.

[Translation]

We are trying to work out a definite identity for each of the papers. Now, to answer your first question: Why aren't there any on the Ontario market? Perhaps simply because that sort of thing hasn't been done. I don't see why it shouldn't be possible to do it. It is done in a very general way—take *The Gazette*, for example, which publishes a TV guide every weekend with a few pages of notes on the people taking part in the television programs. That is more or less the sort of thing we are doing, but we are doing it in a more complete way. I don't see why it shouldn't be possible to have similar publications on the English-Canadian market.

**Mr. Fortier:** Why don't you undertake to produce them?



**Mr. Péladeau:** I haven't said that we won't.

[Text]

**The Chairman:** Do these entertainment newspapers carry articles on American performers and on English-Canadian performers, or is it all on French performers?

[Translation]

**Mr. Péladeau:** We have one publication which is devoted to young people and which is called *Photo-Vedettes*. It is aimed particularly at the young and contains articles concerning English-Canadians, Americans, English from England and French from France—the whole scene in fact, the youth revolution, the international social picture.

[Text]

**The Chairman:** May I come back to the question Mr. Fortier put to you. Perhaps it is not your problem, of course, but I wonder why this phenomenon has not happened in English Canada. I do not think it has. Surely the American magazines are not supplying that need in the rest of the country.

**Mr. Péladeau:** This means it is time to do it.

**The Chairman:** Why don't you do it?

**Mr. Péladeau:** Well, I just answered that.

**The Chairman:** Are these papers competitive with each other?

[Translation]

**Mr. Péladeau:** In a way, perhaps, a little. We are trying as much as possible to give each one of our papers a distinct identity. That is the key to our success. If they all resembled one another, I am quite sure we would fall flat on our faces somewhere along the way.

[Text]

**The Chairman:** Would a reader take more than one?

[Translation]

**Mr. Péladeau:** It is very possible, yes, for one simple reason: these magazines are sold at a very reasonable price, 20 cents.

[Text]

**The Chairman:** I do not want to anticipate questions that Mr. Fortier will ask. I have only one more on these weeklies at this point. I would be curious to know whether their advertising revenue is local or national.

[Translation]

**Mr. Péladeau:** Very, very little national. This is one of our problems at the present

time. We mention, however, that we are in a sense doing the work of pioneers, because, as these publications don't exist on the English-speaking market, we have to constantly explain what they are all about and try to make people realize that these papers are much more like magazines than ordinary papers. We also mention that we very often use the "four colour process", which is a process used in magazines.

[Text]

**The Chairman:** What is the circulation breakdown of these papers as between urban and rural?

[Translation]

**Mr. Péladeau:** Very nearly 50-50.

**Mr. Fortier:** On page 13 of your brief, on the subject of *Le Nouveau Samedi*, you say that it is intended to be a summary of "the principal events of the week". If it succeeds, it will become, it will be, in fact, another *Sept-Jours*, won't it?

**Mr. Péladeau:** Not quite. *Sept-Jours* is a digest along the lines of *Time*. But we choose three or four events and devote ourselves entirely to those three or four events—here is an example. At the time of the moon landing, we devoted 8 to 10 pages to the moon landing, on the occasion of General de Gaulle's visit, we devoted the whole paper—40 pages—to it. We even cut out the sports section on that occasion and put everything we had into the de Gaulle event and several others like it. For example, at the time of Daniel Johnson's death, we set aside about 7 to 8 pages and retraced Johnson's career. It depends on the case.

**Mr. Fortier:** The idea is really to summarize the main events of the week, whereas *Sept-Jours* and *Time* magazine...

**Mr. Péladeau:** Let's say that, with a case like the Vietnam war, if we summarized the Vietnam war, we would talk about it every week. The same goes for the troubles in the Middle East—except for something like what happened yesterday.

**Mr. Fortier:** Are there, in your opinion, any weekly digests in Quebec which give summaries, of nearly all the events of the preceding week. I am thinking of *Dimanche-Matin*, for example, or *Dernière Heure*. Are these papers in your opinion what have been called in certain circles Sunday dailies, or are they really weeklies which provide a point of view?

**Mr. Péladeau:** Remember that you will get a better answer from Mr. Francoeur. In my view, *Dimanche-Matin* is a Sunday daily which performs that function very well.

**Mr. Craig:** Like *Dernière Heure*.

**Mr. Fortier:** Like *Dernière Heure*. I come back to my question. You say, then, you think *Sept-Jours* is doomed—not to failure—but as for being optimistic...

**Mr. Péladeau:** I do not think *Sept-Jours* is doomed to failure.

**Mr. Fortier:** I mean that they are optimistic, and that you wish them all the success they deserve.

**Mr. Péladeau:** They deserve a great deal, it is a marvellous effort.

**Mr. Fortier:** He told us last week that he had lost only \$45,000 last year.

**Mr. Péladeau:** Yes, but the magazine itself lost quite a bit more; he has stepped into the shoes of another.

**Mr. Fortier:** But do the people of Québec really feel the need for a weekly magazine which would provide a point of view, and which would be able to do a proper job of it with the necessary advertising?

**Mr. Péladeau:** I think so. I think that Mr. Allard can play a role which is actually not being carried out. I should be very happy if he could succeed in these ventures.

**Mr. Fortier:** You will agree with me that there is a gap?

**Mr. Péladeau:** I think so.

**Mr. Fortier:** However, I believe, one of the best examples of this gap—I don't remember the figures—is that the number of French-speaking Quebecers who read *Time* magazine, is absolutely staggering. It seems to me that a well-presented magazine appearing in French every week...

**Mr. Péladeau:** Even a magazine appearing in French every week cannot achieve the quality of *Time*, with all the shades of meaning which ought to be included, because, you know, they have facilities which a French-language magazine cannot have. Of course, we have a similar magazine, *L'Express*, which is in French and which tries to be, or doesn't try, but which is, in a certain sense, in the same vein as *Time*, and they have a great many difficulties.

**Mr. Fortier:** A great many. It contains, for all practical purposes, no news of Quebec, no Canadian news.

**Mr. Péladeau:** But they did make an attempt at one time, when they had several pages on Quebec and Canada, and they dropped them when the Act was passed by Mr. Diefenbaker.

**Mr. Fortier:** You make a great deal in your brief of the difficulties you have encountered with the national advertising agencies, don't you, Mr. Péladeau?

**Mr. Péladeau:** Yes.

**Mr. Fortier:** Can you enlarge a little on the matters you summarize on Page 21 and the following pages?

**Mr. Craig:** To give a sketch of the situation, we arrived on the scene shortly after the break-up of *Le Nouveau Journal*, and, as is mentioned in the brief, *Le Nouveau Journal* had from the beginning enjoyed the support of the experts and of everyone in the profession and in advertising etc. Right from the start people liked it and it was something new and, of course, it was in the advertising market of the Montreal dailies. Therefore it was a very welcome thing because the big advertisers were committed to the *Nouveau Journal*, and they were guaranteed a considerable circulation from the start.

Then, when we came on the scene, perhaps a year after the collapse of *Le Nouveau Journal*, everyone was very upset. I was advertising director of the paper, and, when we appeared at the agencies, the enthusiasm had cooled down and they were saying to themselves that this time they wouldn't be caught. We were a little upset by their attitude, but we were told: "We want to be sure that you are going to stay on the market; three years should probably prove that you are established."

**Mr. Fortier:** Prove yourselves?

**Mr. Craig:** "Prove yourselves, and we will encourage you." That is what we did. As was our tradition we made our living at the news-stands. It annoyed us all the same, but people took up our cause, and our business developed pretty well nonetheless.

[Text]

**The Chairman:** Did you know these people through the weeklies?

[Translation]

**Mr. Craig:** I must say that our weeklies have always done very well on the newsstands.

[Text]

**The Chairman:** I mean, did you know the advertising agency people because of the contacts you had made through the weeklies?

**Mr. Craig:** The weeklies at that time were not trying very hard to get advertising.

**The Chairman:** So this was really a first call.

**Mr. Craig:** Exactly.

Then, last week, five and a half or nearly six years later—just to tell you what happened to me—I went to Toronto with the national advertising director of the firm and I enjoyed myself very much. I met charming people (for advertising people are very easy-going). But right from the start I was surprised to learn that people were making excuses on behalf of the Federal Government for the fact that all the other dailies had profited by government advertising for unemployment insurance while *Le Journal de Montréal* had been excluded. The fact is that our representations to the advertising agencies had no results. I must tell you that there have been some since.

**Mr. Fortier:** Results?

**Mr. Craig:** Yes. The young man who was director of research into the media warned them, (because they are fairly sensitive people) that they would be discussed here, and he told us: "It's a 'fifty-fifty deal'. Perhaps you haven't told us of your existence, but we should have known, because we are set up for that." And, all during the week, I met with the leaders of the national advertising agencies, or their representatives and I enjoyed prodding them a little and saying to them, for example, I would open like this: "You have an excellent research department here." And they would be very pleased. "How is it that you did not know about us? We have a circulation of about 500,000 weekly and 72 or 75,000 daily. That is, after all, quite a chunk of a market where there is a very pressing need for the media?" They of course admitted that they ought to have been informed of the situation, but argued that, as they do not read French, these publications are less accessible to them. The market of the province of Quebec is a little foreign to them; it is very

divided up, and they know less about the phenomenon of the weeklies and are very surprised to hear about them. But in the good city of Toronto, for example, if you want to cover everything, you have three big papers, and that's it. In Montreal, to cover even a small part of the market with a piece of advertising you must either use French and English television—and in English that's fine—but in French you must use the press. Everyone has his favourite: *La Presse*, plus a certain weekly, plus a certain other weekly, and it's complicated; there is a little duplication of readers, which it would take too long to explain but which is of some importance.

That then is more or less the reaction we had in Toronto. I think we are going to have our work cut out for us to make our position known.

[Translation]

The people of Montreal all seem to be familiar with us—at least they see our papers on the newsstands. The advertising firms of Montreal, despite the fact that we have not made any great efforts, have supported us all the same, to the point where, almost without solicitation on our part over the last five years, our account amounts to about 15 to 20 per cent of all the agencies' business.

[Text]

**The Chairman:** Do you belong to the Canadian Daily Newspaper Publishers Association?

**Mr. Craig:** No, we do not.

**The Chairman:** Why don't you, when it is so related to advertising?

[Translation]

**Mr. Craig:** You can perhaps ask Mr. Péladeau that.

**Mr. Péladeau:** We began to discuss that possibility a few months ago, and we will know very soon.

[Text]

**The Chairman:** I raised the question because it is related to advertising sales.

**Mr. Fortier,** are you going on with a new subject?

**Mr. Fortier:** No, not really.

**The Chairman:** I was going to suggest that we adjourn for a moment or two. Would you like to ask this question first?

**Mr. Fortier:** I will be four or five minutes on advertising.



**Senator Smith:** Why do we not deal with questions on advertising after the recess?

**The Chairman:** Yes. I suggest that we deal with them after the recess. We will reconvene at 11.25—Thank you.

(A short recess.)

(Upon resuming:)

**The Chairman:** When we adjourned I think you were going to ask several more questions on advertising.

**Mr. Fortier:** Just a few, if I may.

[Translation]

**Mr. Fortier:** Mr. Craig, don't Toronto advertising agencies have French counterparts?

**Mr. Craig:** Just about all of them have.

**Mr. Fortier:** Then how do you explain the fact that they haven't gotten together with you—or you with them—for your mutual benefit?

**Mr. Craig:** It's odd because the market was there. There was a market for daily newspapers, but over the years everyone probably got used to the situation as far as weekly papers were concerned. I must say—this will amuse Mr. Francœur—that there was a great deal of talk about the "Sunday daily." I believe that it is a feather in the cap of our friends at Les Journaux Trans-Canada. And they didn't have an easy time of it. Theirs was the only Sunday weekly and they called it a "Sunday daily" and advertising receipts have been high over the years. There weren't enough daily newspapers around so the advertisers used the existing daily that gave the best coverage (45 per cent of the Montreal market—*La Presse* and a strong weekly. There has always been one; at one time it was "*La Patrie*", at another time "*Le Petit Journal*" and now we have "*Dimanche-Matin*". It would seem that the people, being far from the market and understanding little of what was going on, did not read French newspapers and were not informed of the situation. In fact it's odd that no one hailed the fact that a new daily was making its mark and that it wasn't used more until now.

**Mr. Fortier:** Do you think that this will change or is in the process of changing?

**Mr. Craig:** I'm sure of it. As Mr. Péladeau outlined this morning there is tradition among advertisers. Business and advertising

agencies over the years are very traditional and if something worked well last year, why shouldn't it work well this year. But very little use is being made of morning newspapers. It's an anomaly that more advertising isn't being done in Quebec's morning newspapers.

**Mr. Fortier:** You mention this in your brief Mr. Craig, but what should be the reaction of advertising agencies when a new daily starts up? Are you suggesting that advertising agencies should have a blind faith in certain undertakings?

**Mr. Craig:** No, I don't believe I said that.

**Mr. Fortier:** In one of your recommendations you say that an advertising agency should encourage and should advertise in a new daily.

**Mr. Craig:** Indeed I think they could be a little less conservative.

**Mr. Fortier:** And from the practical point of view, how do you propose to counter-balance, the element of risk...

**Mr. Craig:** There is no real risk involved. If a newspaper is published today and ceases to publish next week, today's advertising message is in no way weakened.

**Mr. Fortier:** That's true.

**Mr. Craig:** In a community like Montreal or any other centre, as Mr. Péladeau pointed out earlier, a new publication, if it be a weekly, fine, or a daily, even better—is a source of wealth to that community. It means that there is a new vehicle for social exchanges and news. But what is even more important to the business world is that the daily newspaper is a great economic force. To my way of thinking the new daily newspaper or publication should be given more consideration and should be studied by those in the advertising trade because there is no great future for advertising in Canada since there aren't too many Canadian publications and most of them are in the form of magazines. A new publication is an event in Canada.

**Mr. Fortier:** Of course, but the advertising agencies and the firms they represent are probably going to say that their advertising budgets are worked out several months or even a year in advance. So when a new daily or publication comes along, the national companies have already arranged for their budg-

ets to be divided among existing magazines or newspapers.

**Mr. Craig:** That's perfectly right and I repeat what has already been said in the brief: to my way of thinking they should still help us to some extent. We haven't really made our presence felt yet and I don't think we are blaming others for this. We're going to have to take a good look at our faults—and it must be said that it's up to us to do it and we have done it badly so far. But that will be changed because if we want to continue to improve our newspapers we're going to have to count heavily on advertising.

There is another matter that we have hardly touched upon. As a managing director of the papers, I am reminded every day of the fact that the ten cents per copy that we get from our readers barely covers printing costs. This means that if we wish to improve our publication—in addition to making a small profit—we have to rely on advertising. There is no question about it.

**Mr. Fortier:** By improving the advertising aspect you might also—I notice from the brief—attract more readers through carrier-boys, for example. This would mean more money.

**Mr. Craig:** Of course, this extra income would come from advertising.

**Mr. Fortier:** No matter how much I may agree with your argument if there is no home delivery of the morning paper, to my way of thinking, if it isn't read while you're having your coffee and corn flakes it isn't a morning paper.

**Mr. Péladeau:** You can offset that by reading it while you're riding the metro.

However, I'd like to say something else before we leave this subject. There are other things that bother us. That's the reason we mentioned that the Provincial Government distributes its announcements and advertising "at large" without the need of undue and constant solicitation on our part. I don't see why the Federal Government shouldn't do things in the same way. For example, we mention that after being in existence for five years we have not had a single ad from Air Canada or CN. I can go even farther than that—take the CRTC for instance. It publishes reports regularly—why shouldn't these reports be published in all daily newspapers instead of in just one or two? And this is only one example among many.

How about the Benson Report? The Federal Government printed a very substantial brochure on it, and of course it was expensive. So the Report didn't get into the hands of everyone who was interested in it. If only a condensed version of the Benson Report had been published in the daily newspapers. After all, this could have been worked out, it was possible and at the time it was very important. This is a fundamentally important report which could change our whole way of life or the trend of the economy. Yet it is published in brochure form only. Of course, we have to admit that the President of the Bank of Montreal ("My Bank" to just about everybody) has made numerous comments. But these are only opinions of a report which has by no means been made available to everyone. Why shouldn't it have been made available to everybody through the publication of such messages.

It's the same with the C.B.C. The Federal Government spends a considerable amount of money subsidizing the film industry. But why aren't daily newspapers subsidized? They have major problems too.

**Mr. Fortier:** You've just hit upon something else and I don't want to pass up the chance of going into this further. What do you think of the argument that freedom of the press would be endangered if...

**Mr. Péladeau:** Yes, I answered this question in our brief. The Provincial Government sends us a lot of government advertising and no one has tried to influence us in any way. It's as simple as that. This is the way it is across the board. Everything is done very openly. I don't believe there has been any request whatsoever for something in return. I think that this is just a nice argument of semantics. How easy it is to say that subsidizing the press would pose a threat to its freedom.

**Mr. Fortier:** The problem does not exist?

**Mr. Péladeau:** I don't think so. Undoubtedly there could be a problem, anything is possible—so what does that prove?

**Mr. Fortier:** What does freedom of the press mean to you and your group, Mr. Péladeau?

**Mr. Péladeau:** If you will, Mr. Elie?

**Mr. Elie:** If you will permit me to say so, Mr. Fortier, this concept is a bit theoretical, but when questions are asked it becomes aca-



demic. Freedom of the press, if I may make a comparison, is recognized in some quarters as a right. The moment we use the word "right", we are, as you know, reminded of certain other rights.

There is an article—please remind me if my memory does not serve me correctly—in Civil Code, article 407 or 402, which says that the right to property is the most absolute of rights. Yet experience has taught us that the right to property is far from being an absolute right. It has become one of the most relative of rights in our day to day life. Take for example all the quirks of expropriation and the conditions imposed on day to day life by social development. By way of comparison, freedom of the press can be considered an absolute right. But if we consider it in the light of day to day happenings, what has freedom of the press become? If you want us to take all the risks, we must, since ours is a business undertaking, make a profit in order to survive. The result is that theoretically we print our news with an eye to "profit" and "markets". And the moment you become selective about the news you print—we have elaborated on this at the beginning of our brief—the right of the press to exercise its freedom becomes very relative.

However, I would like to get back to public enterprises, for example. I would like to know the point of view of the Government or certain administrative committees on this so called freedom of the press. If news is screened for national security or other reasons, this freedom of the press becomes a hypothetical right indeed.

If the daily newspaper cannot survive on its profits because of tax laws or because of the various economic phenomena we have to live with, the right of freedom of the press—which was absolute—becomes one of the most relative of rights. We could go even further and say that this is a sort of brain-storming that we might perhaps investigate further. As for myself, I've spent hours thinking about this very question. Values are being questioned more and more. As a matter of fact, the young people of the world are protesting against this bureaucracy bequeathed to them by preceding generations. So do we start from the presumption that absolute freedom of the press would amount to license when the thinking of our time shows it to be perhaps one of the most familiar or relative of rights? Perhaps even in politics—without being partisan to any political party—it is a right worth

thinking about, a right that is more and more being thought of in the absolute sense.

[Text]

**Mr. Fortier:** I was just going to change the subject.

**Senator Prowse:** May I ask a question?

**The Chairman:** Is yours a change of subject?

**Senator Prowse:** No.

**The Chairman:** Senator Petten has indicated that he wants to ask a question, but it is on a different subject. Why do you not ask your supplementary and then I will go to Senator Petten.

**Senator Prowse:** If understand what has been said it amounts to this: there is no danger of the freedom and independence of the press being challenged by Government spending a good deal more money than they have in using the papers, on a broad basis, as a means of reaching the public on matters which they think ought to be brought to the attention of the public. Is that what you were saying?

**Mr. Péladeau:** That is it exactly.

[Translation]

That's right, as long as it's done this way, what I would call "at large". If it were done on a selective basis there could be an element of risk.

**Mr. Fortier:** To help everybody?

**Mr. Péladeau:** That's right. That is what we are saying in the brief. Couldn't the Federal Government change its present methods of distributing its paid announcements? Isn't it feasible that some of the announcements made by the CBC (because it receives a lot of money) could be passed on to the public through other channels. For example, we notice that there are a great number of CN and Air Canada commercials on the CBC. I'm sure that our publications could handle these messages. Perhaps it's just a matter of diversifying the media used.

**Mr. Fortier:** This would put everything on a more competitive basis?

**Mr. Péladeau:** That's right, and that's the reason we mentioned the way the Quebec Government does things. Recently it launched a new lottery and all newspapers benefited from the announcement of the lottery. There



was no question, we didn't have to raise a hue and cry to prove that we existed, to prove that we had something to say and were capable of saying it and to prove that we were an integral part of the whole.

[Text]

**The Chairman:** Does that satisfy you, Senator?

**Senator Prowse:** No, I have one more question. I take it what you are suggesting is the advertising or carrying of messages with regard to services provided by government departments in a very broad way, and not necessarily explanations of government policy by the Government, might be carried in the same broad way. Or would you be prepared to carry both? This is what I had in mind.

[Translation]

**Mr. Péladeau:** I think so. I did mention the way the White Paper was handled. To be more exact, I believe the White Paper could have been presented in another way since it is not legislation and the Government showed a sense of democracy in presenting it this way—and we have to have a great deal of respect for this fact. So why not carry this sense of democracy further and let everybody know what's going on, instead of just a few individuals.

[Text]

**Senator Prowse:** And not leave the public at the mercy of the particular feelings of the independent owner of an independent paper?

[Translation]

**Mr. Péladeau:** That's it exactly.

[Text]

**Senator Prowse:** Thank you.

**Senator Pettit:** Mr. Péladeau, you say in your brief that Canadian Press wanted the sum of \$100,000 plus a transmission charge to give you a franchise. You feel this was an excessive price. Do you think it is the policy of Canadian Press to discourage new competitors for its own members?

[Translation]

**Mr. Péladeau:** No, I wouldn't say that this discourages them but it certainly doesn't encourage them. There is no question about it. I quoted the figure \$100,000, actually they asked us for \$136,000. At the time this was obviously prohibitive—and these were only entry fees. They asked *Le Nouveau Journal* for \$76,000. They were only a few years

ahead of us, yet they asked us for \$136,000, an undeniably discouraging figure. They didn't refuse us but this was a very eloquent way of saying: "We don't take you seriously, so prove how serious you are by putting \$136,000 in our coffers. When you have done this we will be at your service." In my opinion this can in no way be interpreted as encouragement. You mention the fact that this could be a deterrent. Let's just say that it comes close to hitting the nail on the head.

**Mr. Fortier:** Do you know how they arrived at the figure of \$136,000?

**Mr. Péladeau:** I didn't ask that kind of question. As far as I'm concerned, the \$136,000 represented a colossal deterrent.

[Text]

**The Chairman:** Were the transmission costs on top of that again?

[Translation]

**Mr. Péladeau:** Yes, there was no question about that. And what is more transmission costs were far from ideal. Of course they were also better and more complete—because United Press International is particularly suited to America.

**Mr. Fortier:** So you were forced to go to an American agency.

**Mr. Péladeau:** We had no other choice.

[Text]

**The Chairman:** Why did CP ask \$60,000 more from you than they had from *Le Nouveau Journal*? How many years was it?

[Translation]

**Mr. Péladeau:** *Le Journal de Montréal* was in 1964, and the other I think in 1961 or 1962.

[Text]

**The Chairman:** \$60,000 more?

**Mr. Péladeau:** \$65,000 more. The ones that can answer that question much better than we can, are Canadian Press.

**Senator Prowse:** You could come to Alberta and drill an oil well for that! Maybe you will get a dry hole.

**The Chairman:** When they asked \$136,000, what was your reaction?

**Mr. Péladeau:** Very simple.

**The Chairman:** You did not enter into negotiations?

**Mr. Péladeau:** Yes. We tried to discuss that to see what could be done. They came forward to tell us that maybe they would discuss it if we were to send them a \$13,000 certified cheque (10 per cent) and afterwards maybe they would consider what could be done. This was in October, 1964 and, as far as I remember, they were suggesting that the next meeting would be in April. So we had a few months to wait, but they also told us that they might have a meeting to discuss it, and at one time it had been permitted that the entrance fee...

[Translation]

if you wish, I will continue in French, it will be easier that way. If the entry fees could have been paid in installments—this had been done before, but only for a newspaper that was already in existence, a newspaper that had proved itself, so, as our newspaper had not yet proved itself, it was pretty clear that we wouldn't be allowed to pay by installments. However, if we had sent them a cheque for \$13,000 they might have considered the possibility of accepting us.

[Text]

**The Chairman:** It might be very valuable and interesting to us to know with whom you were negotiating at Canadian Press.

[Translation]

**Mr. Péladeau:** Mr. Stewart of Montreal, and Mr. Purcell in Toronto. Mr. Stewart, I feel, has been very useful and who has made admirable efforts to get us in; as far as Toronto goes, there were a few problems. On the other hand, a very amusing thing happened last year—they approached us again.

**Mr. Fortier:** They approached you again concerning this subject?

**Mr. Péladeau:** Yes, last year, and we could have joined then—it was quite amusing.

[Text]

**The Chairman:** I was going to ask you that. They approached you?

**Mr. Péladeau:** Yes.

[Translation]

Yes. Originally they had asked us to pay a fee of \$136,000, at a time when we really did not have the means to make such an investment. Now that we are in a position to establish our profitability, they are prepared to accept us at no cost.

**Mr. Fortier:** At no cost?

**Mr. Péladeau:** At no cost.

**Mr. Fortier:** Are you going to accept?

**Mr. Péladeau:** For the moment, let us say each one in his turn; they are resting a little on our...

[Text]

**The Chairman:** Are you going to join now?

[Translation]

**Mr. Péladeau:** Quite probably.

**Mr. Fortier:** Do you know what other French papers think of this, what attitude Canadian Press takes of other French papers of Quebec in so far as these admission fees are concerned?

**Mr. Péladeau:** I am familiar with the *Nouveau Journal* case.

**Mr. Fortier:** What happened in the *Nouveau Journal* case?

**Mr. Péladeau:** They joined, I believe, and they paid the \$76,000 in question, as far as I know.

**Mr. Fortier:** Canadian Press, therefore, is said to have a monopoly in Canada, as far as press agencies go?

**Mr. Péladeau:** I wouldn't say they have the monopoly, since United Press International performs certain services for us too.

**Mr. Fortier:** A growing monopoly...

**Mr. Péladeau:** Let us say more complete.

**Mr. Fortier:** That's what I meant—more complete. Is it possible for a paper such as yours to survive without the services of Canadian Press?

**Mr. Péladeau:** Most certainly—*Montréal-Matin* does not have the services of Canadian Press either.

**Mr. Fortier:** *Montréal-Matin* belongs to U.P.I., I believe.

**Mr. Péladeau:** Yes.

**Mr. Fortier:** Do you know the answer, and if you would prefer not to answer, please say so, but do you know why they joined U.P.I. instead of Canadian Press?

**Mr. Péladeau:** I couldn't answer that. I might point out that U.P.I. has an excellent

sports service, but as for the rest, I couldn't answer for *Montréal-Matin*, though this was most likely one of the reasons why they used U.P.I.

[Text]

**The Chairman:** UPI has a separate sports service as well, does it not?

**Mr. Péladeau:** Yes.

**Senator Prowse:** I have a question for Mr. Craig on advertising. Is there a difference between the kind of advertising that national advertisers will place in a morning paper as compared to an afternoon or evening paper?

[Translation]

**Mr. Craig:** I am going to tell you what we seem to be doing. We seem to be using the Montreal afternoon papers for everything that concerns the home, for example, grocery store advertisements, furniture—in short, everything that is of general interest. It seems we have the habit of reserving the morning papers for things which are of interest to the men, for example, the financial market, and so forth. This seems to be the accepted practice, roughly speaking, though there is no real reason for it since morning papers get into the homes too.

[Text]

**Senator Prowse:** In other words, the advertisers seem to feel that through advertising in the morning papers they reach the men, and through the evening papers they reach the household completely?

[Translation]

**Mr. Craig:** It seems to be the custom, but the facts are that with our own newspaper facts have proved the contrary. For example, right now we are doing a volume which is classified as approximately 30 per cent furniture and house furnishings, and approximately 10 per cent grocery items, and our customers seem happy enough. It's a custom.

[Text]

**Senator Prowse:** I see. That applies to advertising generally and not just to national advertising then?

**Mr. Craig:** Oui.

**Senator Kinnear:** I think that my question is supplementary to almost any of the questions that have been asked, Mr. Chairman.

How do you arrive at your city retail trading zone? For instance, you give the Ottawa

area a population of 903,000. What territory does that cover?

**Mr. Péladeau:** These are figures published by *Canadian Advertising Rates and Data*.

**Senator Kinnear:** Have you any idea of what territory it would cover?

**Mr. Péladeau:** I would not be able to tell you.

**Senator Kinnear:** I ask you that question because the City of Ottawa itself has a population of about 300,000.

**Mr. Péladeau:** Those are the figures we got from *Canadian Advertising Rates and Data*.

**Senator Kinnear:** It takes in a wide area.

**The Chairman:** Perhaps it goes as far as Peterborough.

**Mr. Craig:** *Canadian Advertising Rates and Data* establishes city zones which are greater than the cities themselves. They are the retail trading zones, and they usually take in a radius of about 50 miles around the city. These things will most likely change. We have had correspondence with our confrères at *La Presse* because the intervals between the city itself and the retail trading zone is getting smaller and smaller due to better communications, and so on. So, the trading zone of Joliette extends almost to Montreal. It takes the Joliette people 45 minutes to get to Montreal. So, these things will likely change.

**The Chairman:** Mr. Péladeau, I should like to read you this passage from your brief, p. 29. This is a translation, but it reads:

"Contrary to Mr. John Basset, who recently stated that it is virtually impossible to establish a newspaper in a city where there is one already, we state, and our experience is testimony of it, that it is always possible to do so, and, what is more, to make it profitable."

Do you think some one could start a daily newspaper in Toronto using your formula?

[Translation]

**Mr. Péladeau:** I think so. At the outset, there were three major newspapers in Toronto and if there had also been a tabloid, I don't see why, as a digest, it would not have been successful.



[Text]

**The Chairman:** Would you start with the accent for example, as I think you said, on amateur sports?

**Mr. Péladeau:** I think so.

[Translation]

I do not share Mr. Bassett's opinion though I couldn't say why.

**Senator Beaubien:** Mr. Péladeau, in a relatively rich area such as London, Ontario, where there is only one paper, is it not odd that there is only one newspaper?

**Mr. Péladeau:** Under the circumstances, I think that it was established by some qualified group that to introduce a newspaper in Calgary...

**Mr. Fortier:** In Edmonton, I believe...

**Senator Beaubien:** Yes...

**Mr. Péladeau:** In Edmonton, would cost somewhere in the neighbourhood of 6 or 7 million dollars. I might add that if we are talking about a paper which is eventually to be made as big as the others, and we have as an example, the *Nouveau Journal* experience, where between 5 and 6 million was spent in 6, 7, or 8 months, obviously, it can be done—they can do it. Spending money is the easiest thing in the world to do.

**Senator Beaubien:** Yes...

**Mr. Péladeau:** But if it is done within the framework of exactly what is given, and if it is done inch by inch, I think that it is possible, here as well as elsewhere.

In our case, we produce within a radius of 50 miles of Montreal—we are really a Montreal paper, and therefore our accent is on Montreal. If our accent changes, then we will touch upon other subjects or even go further. But we will move at a pace within our means. We are not going to try and engulf all services in one fell swoop—that would be impossible. If you wanted to establish a printing shop overnight—and it has been done, in Suffolk County near New York, for instance, where they shut down having a circulation of 80,000 and with everything progressing normally. But they opened a news vendor service, which took a considerable amount of money to do, and they built up a complete editing team—whereupon it became impossible.

I would like to give an example—it is completely unrelated—but say I was trying to

open a store of the same size and importance as Eaton's in Montreal, right across the street from it. Well, I think anyone who would attempt this, would have to be a pretty strong fellow for quite a while, unless he started with a little store and progressed slowly, in which case, he would have a much better chance of succeeding. It's as simple as that. We and others have been doing this since the beginning. At present, we are the largest and most complete offset printers in America. However, we initially began with a small shop, and from the small shop, we built up a large business.

[Text]

**Senator Prowse:** I have a supplementary question, Mr. Chairman. Do I understand that you had your printing establishment and your delivery service set up before you tried to establish your dailies?

**Mr. Péladeau:** No, we had only the printing.

[Translation]

No, we had nothing but our printing-house at the time when we began publishing the *Journal de Montréal*, we had offset printing facilities. We also had, apart from our weekly newspapers, a specialized firm, which was already in good standing, to distribute our weeklies, and we initially had them distribute our dailies, since we did not want to take on the job ourselves at that time. In 1965, after having operated through this agency for a year we established our own distributing house, and for a very simple reason: we were selling 75,000 copies a day because of the *La Presse* strike. This has to do with the reason I mentioned in my brief—it wasn't a great asset to be publishing a paper during the *La Presse* strike, since, as soon as the *La Presse* went back to work, our sales dropped to 12,000, as I said—we had to start all over again. And it was infinitely more difficult to begin again, having seen our production up to 75,000 copies. It was a little like someone who is used to eating a very hearty meal suddenly having to make do with potatoes.

From that moment on, quite obviously our distributor ceased to make a profit from distributing our paper, and we were forced to establish our own firm. Nevertheless, we had had the chance to polish up our editorial staff and our printing shop into assuming the responsibility of publishing a daily. Then the next move was to build our own distributing house and this was done in stages. This is

why we believe there is no other way—that one must progress by stages. To want to do everything at once is to make the same mistake as, for instance, the *Nouveau Journal*, or the *Vancouver Times*.

[Text]

**Senator Prowse:** In other words, you had your offset printing press established first as a going operation?

**Mr. Péladeau:** Exactly.

**Senator Prowse:** Then the other things that came to you through your weekly operation gave you experience, and from there you were able to analyze the situation, and then you saw the gap and you could move into it from that base?

**Mr. Péladeau:** Yes.

**Senator Prowse:** Suppose a person did not have an offset printing press, and suppose he did not have the other organizations that were necessary for the printing of your weeklies—I am thinking of the City of Edmonton, for example, where it would be necessary just to move in cold. The first thing you would need, of course, would be a very specialized and rather expensive press. Would this not be a much more difficult situation than that which you faced?

[Translation]

**Mr. Péladeau:** Undeniably. I would say that this would be an extremely risky undertaking. Moreover, you have the same situation repeating itself, so to speak, in many regional publications of Quebec, where a printer, after successfully getting his shop to operate at a profit, builds up a local weekly paper around it. But, if he had tried to survive on the regional weekly alone, he would most likely have run into trouble. Only because his printing shop enabled him to operate, was he in a position to publish a weekly newspaper.

[Text]

**Senator Prowse:** To what extent do you depend on advertising and to what extent on circulation income to cover your operating costs.

[Translation]

**Mr. Péladeau:** At this time, we are, I think, one of the rare publications of this nature—60 per cent of our income comes from circulation and 40 per cent from advertising. Our aim is to reverse this situation, so that 60 per cent of

our income comes from advertising and 40 per cent from circulation. Then, we will be in a position to carry out all the improvements which we are planning to bring to the editorial content of our paper.

Moreover, this is something which we included in our brief. We feel that the sooner the various publications start working together, the better—especially at the technical level, on all technical matters. For example, in Montreal, there are three or four newspaper distribution boxes on every corner. There is one for *The "Gazette"*, one for the *"Montreal-Matin"*, one for *"Le Devoir"*, and one for *"Le Journal de Montréal"*. We think that if there was only one box with four dispensers, everyone would save money. This is all money which is being spent for nothing, so everyone would save. Whoever wants *The "Gazette"*, buys *"La Gazette"*, and whoever wants *"Le Devoir"*, buys *"Le Devoir"*. Then we would have a single box, fewer complications, and a better service. We would have considerably on costs.

The same thing applies to the newsvendors. We believe that if newsvendors were better organized and distributed two or three publications, we would have better newsvendors, and the newsvendor himself would make a better income. We would thus maintain our newsvendors in a more constant manner. This is along the lines of what we are aiming for.

At present, we are printing *"Le Devoir"* in one of our shops. Obviously, *"Le Devoir"* has saved a considerable amount of money by having us do the printing. It is obviously a smart move on their part. We also distribute *"Le Devoir"* from our distributing firm in Montreal. There again, *"Le Devoir"* has taken a step in the right direction—that is to say, instead of having two trucks deliver one paper at three or four in the morning, one truck does the job. What is the sense of wasting money on trucks and gas? Or any expenses of this kind for that matter? The money could be put to better use elsewhere, in improving the quality of the product.

We plan, as much as possible, to promote co-operation among existing publications; obviously, the same move is being made by certain groups who are buying up publications, but their purpose for doing so, obviously is to have a more centralized service, better organization, and to benefit each of the publications from the strength of the parent company. The same thing could be done in another way. I think that a concentration of the press could be offset by imagination, first



of all, and also by a more concerted effort to co-operate among publications on the market. For instance, from the point of view of advertising, if "*Je Journal de Montréal*", "*Le Devoir*" and "*Montréal-Matin*" formed a team and had one central advertising office in Toronto, they would have better sellers, better advertisers and they could offer a better service. Then the three of them would be able to profit; instead of each having his own totally inadequate service, they would all share one complete service—the same principle applied by Maclean-Hunter, for example, or Southam Press, or some other truly stable enterprise. They are doing it for their own firm and the same thing applies or could apply to newspapers, which are, in themselves, independent.

"*Le Devoir*" has a free hand as far as editorial content goes, but it has rid itself of the technical problems of printing and distribution. Thus, they are able to apply all their energies and attention to production and the quality of their publication.

**Mr. Fortier:** That's very interesting, what you are advocating. But just how far, Mr. Péladeau, would you go? You spoke of common boxes, common distribution, perhaps even common marketing. Just how far would you go before creating a single enterprise?

**Mr. Péladeau:** The ultimate goal of any newspaper is to produce a good paper, to have a good product. And the product of a newspaper is its editorial content. Thus, for myself, I think we could go as far as the necessity of keeping each paper's individual editorial identity would permit. As for the other services, they could very easily be lumped together.

**Mr. Fortier:** Are you familiar with the Pacific Press situation in Vancouver?

**Mr. Péladeau:** Well, these days, yes!

**Mr. Fortier:** Do you know how Pacific Press works?

**Mr. Péladeau:** More or less.

**Mr. Fortier:** Is that about what you want?

**Mr. Péladeau:** We are heading towards it. We are heading towards large press enterprises like those presently in existence in Quebec, and which also exist elsewhere in Canada in the form of huge chains. Thus, if it is a matter of maintaining those newspapers which do not belong to such chains, I feel

they should make use of the same methods employed by the latter.

**Mr. Fortier:** An exchange, I would say, but on the other hand, Mr. Péladeau, would you not just be building another chain?

**Mr. Péladeau:** That's not such a bad thing.

**Mr. Fortier:** But, it is a fact?

**Mr. Péladeau:** It's a fact simply because, when you have people on the various papers working away at their desks without any kind of common direction, well, perhaps it would be just as well to have them all under the same roof.

**Mr. Fortier:** Without direction from a single owner?

**Mr. Péladeau:** No, no. On the contrary, I am saying that each paper would retain its own identity. "*Le Devoir*" is almost a perfect example. They leave the printing to us. Thus, they rid themselves of a bothersome problem.

**Mr. Fortier:** Distribution?

**Mr. Péladeau:** And distribution. Obviously, it is a very profitable move for them. Anyway, these secondary services, they are not the real services. The service of a newspaper is to provide information. Thus, the news service is still the essential element of a newspaper.

**Mr. Fortier:** Why don't you share a shop with *Le Devoir*, since that association is already in existence?

**Mr. Péladeau:** We plan to—we are thinking about it.

**Mr. Fortier:** Would the purpose of this union with various parties be to meet the competition in Quebec, more precisely, the Power Corporation group, or would it be to insure the survival of various papers such as your own?

**Mr. Péladeau:** I would say it would be for both reasons.

**Mr. Fortier:** To what extent are either of your publications competitive with those of *Les Journaux Trans-Canada* or *La Presse*?

**Mr. Péladeau:** We are not trying to be competitive with anybody. We need all our energy to do our own work, without wasting it on competition.



**Mr. Fortier:** Until a short time ago, *La Presse* was also owner of a radio station, CKAC, was it not? And several other Quebec newspapers have also owned or jointly owned radio stations. A few years ago, if I am not mistaken, you applied to buy CHRS in St-Jean, Quebec, did you not?

**Mr. Péladeau:** That is correct—two stations.

**Mr. Fortier:** Two stations?

**Mr. Péladeau:** Yes, CKJL in St-Jérôme...

**Mr. Fortier:** Oh, yes—in St-Jérôme, and I believe your request was turned down by the Board of Broadcast Governors, at that time. Is that right?

**Mr. Péladeau:** That's right.

**Mr. Fortier:** Can you explain, Mr. Péladeau, the philosophy behind your offer to buy those two radio stations, and also your present philosophy?

**Mr. Péladeau:** On this particular point, our position hasn't changed very much. I believe that newspaper and radio services are related. If I am not mistaken, it was the *Montreal Star* which said that those who are in the best position to operate a radio station are those who are already in the news market. That is precisely our approach. At that time, we were already in the entertainment market, and we felt that radio was very closely linked with it, that it was an integral part of the entertainment field; so, we become interested in radio. However, we were very disappointed with the B.B.G.'s decision. We were given the explanation that we couldn't own a radio station because we held a certain monopoly in the entertainment press. That was ridiculous as we didn't have a monopoly at all because several other publications were contributing considerably to the field of entertainment, especially at that time. Therefore we found the decision extremely inaccurate and unfair.

At present, it would seem that they are continuing to enforce this rule, at least it would seem that they are doing so. Obviously we want them to continue to enforce it since we don't see why anyone else should benefit from something that was denied us.

**Mr. Fortier:** If the CRTC opened the way and allowed simultaneous ownership of written and electronic media, would you be interested in entering the field?

**Mr. Péladeau:** Yes, because we believe, as we pointed out before, that the two are very

much related. Moreover we have had the experience as we mention in our brief. Initially when we were recruiting our staff of journalists, we drew enormously from reporters who were working in radio stations, and at that time, we were in close contact with these people. We took note of their ability and value, which undoubtedly was a normal reaction.

**Mr. Fortier:** Would you go so far as to say that you would be interested in television?

**Mr. Péladeau:** Maybe.

**Mr. Fortier:** Perhaps, I should rephrase the question. Do you think the owner of a newspaper should also have access, should he so desire it, to a television station?

**Mr. Péladeau:** That could be dangerous. There, it could become something else. There, I would say quite definitely that it could turn into a monopoly, as, for example, the city of Sherbrooke experienced when their newspaper, and both radio stations and the television station all belonged to one and the same firm.

**Mr. Fortier:** This is bad business, in your opinion?

**Mr. Péladeau:** Yes, I think that is going too far. I think there should be more of a balance than that.

**Mr. Fortier:** Where do you draw the line?

**Mr. Péladeau:** Quite obviously a television station should not belong to a newspaper which is in a position of power, or, in other words, is the only newspaper in the area.

**Mr. Fortier:** Should a newspaper owner have access to...

**Mr. Péladeau:** Obviously, I would like to have it. But, in a city such as Montreal—not in a little town where it is something altogether different—even if a newspaper did own a radio station, there would still be plenty of others to present a different point of view. There would also, of course, be television to present a different viewpoint. But in a closed town like Sherbrooke or Trois-Rivières, let's say, it would be dangerous.

**Mr. Fortier:** At the present time, do you find it a good or bad thing that newspaper owners can also have interests in other businesses, say for instance, in the automobile industry, as we were speaking of car salesmen earlier, or in a pulp and paper company, etc.?

**Mr. Péladeau:** That, I believe, is being done quite a bit in France. It is somewhat more rare in the United States. Newspaper owners in the States are people who are in the communications field. I would be inclined to believe that it would be best to remain within the field of communications, since otherwise, you run the risk of conflicting interests, which men being what they are, could lead to the distortion of news. Though I have no definite proof of this, I would still say that there is an element of danger.

**Mr. Fortier:** Of danger?

**Mr. Péladeau:** Yes. I was particularly struck by an article in yesterday's *La Presse* on the front page which described a bus accident that had occurred in Quebec, in which the Provincial Transport Company was implicated. Now, everyone knows that the Provincial Transport Company is Paul Desmarais, and that Paul Desmarais and *La Presse* are one and the same thing. But they were very fair all the same, and they duly published the facts, mentioning quite clearly that it was a Provincial Transport bus. I found that they had risen above their personal interests.

**Mr. Fortier:** That occurred to me too, when I read it.

**Mr. Péladeau:** I was pleasantly surprised.

**Mr. Elie:** If I may...

**The Chairman:** Yes.

**Mr. Elie:** If I may be permitted, Mr. Fortier, your question raises another possibility, perhaps in the business world, in the sense that many companies, particularly in the United States, feel that the profitability factor is a prime concern in the field of information and commercial enterprise. Consequently, this is the kind of industry that is becoming more and more evident in the United States, not to mention all the commercial giants such as automobile manufacturers and so on, and diversification is playing an important role in their activities. Thus, we have created a conflict—not necessarily theoretical or vital to survival. Perhaps it would be a good idea at this time to analyse the diversifications of commercial enterprise.

**Mr. Fortier:** Mr. Péladeau, are you recommending that the diversification in communication enterprises be curtailed?

**Mr. Péladeau:** Yes, I think it's the best way to produce a better newspaper.

**Mr. Fortier:** The following appears on page 43 of your brief:

"...would it not be wished that the shares capital of a company which publishes a daily could become the property of the public in general. Freedom of the press in a democratic country would only be better for it."

Could you first explain what you mean by the idea of the company belonging to the public, and then, what you mean by the freedom of the press being the better off for it?

**Mr. Péladeau:** I think that a press enterprise should aim at having its shares put on the open market for the very simple reason that newspaper investments amount to a considerable sum.

A little while ago, we mentioned the possibility of establishing a newspaper and opening a printing shop in Edmonton, and the cost involved; the investment would be a considerable one. Thus, there comes a time when one must resort to funds other than those immediately at one's disposal. Short-term funds are often difficult to obtain even for a firm with a large income. The most logical solution would be to offer the firm itself directly to the general public, and ask them to participate in it, which would result in a diversification of ownership, and consequently, a democratization of the firm as such.

**Mr. Fortier:** And, do you feel that this should be done, not only in Quebec, but elsewhere in Canada too?

**Mr. Péladeau:** I do. Whenever a firm is in the position to do so, I think it should act in this manner.

**Mr. Fortier:** When Claude Ryan appeared before the Committee, he suggested that daily newspapers belong to the citizens of the community in which they are read.

**Mr. Péladeau:** Like the CBC?

**Mr. Fortier:** That's right.

**Mr. Péladeau:** No, I don't think it's the same thing at all. I think that it is precisely the form of enterprise which is on the open market.

**Mr. Fortier:** Like Maclean-Hunter?



**Mr. Péladeau:** Like Maclean-Hunter. To my way of thinking, it is the most logical and most genuine solution.

**Mr. Fortier:** I see that you have recently purchased a new printing house, Dumont Publications Inc?

**Mr. Péladeau:** Yes.

**Mr. Fortier:** Did Québecor feel it was necessary to acquire another one? What was the reason behind the purchase?

**Mr. Péladeau:** I would have to say that the acquisition was made for the purpose of creating a package of sufficient solidity to be put on the open market and to be more attractive value.

**Mr. Fortier:** Who are the shareholders of Québecor Inc., Mr. Péladeau?

**Mr. Péladeau:** The shareholders are Péladeau's; the shares are, in fact, owned by my children.

**Mr. Fortier:** Then, it really belongs to you?

**Mr. Péladeau:** Yes.

[Text]

Me, myself, and I.

**Mr. Fortier:** I have no more questions on this point, Mr. Chairman.

**The Chairman:** Thank you. Honourable Senators, it appears that there are no more questions so on behalf of the Committee I express our appreciation to Mr. Péladeau, Mr. Craig, and Mr. Elie.

From the point of view of the Committee, this has been a most worthwhile session, particularly in respect to our learning of your success which I think can be said to have come from a standing start. I must say that some of the views you have expressed this morning are very much the opposite of the views we have become accustomed to hearing from publishers. It is a refreshing viewpoint that you have brought to us. The Committee is always interested to hear of the renewed vitality of the mass media in the Province of Quebec.

Your brief is a very valuable one, and we are grateful for it. It is made the more valuable by your presence with us this morning. We appreciate your coming, and I will simply say "Thank you" to the three of you.

I remind the members of the Committee that we shall reconvene at 2 o'clock when we

will receive a brief from Mr. Desmarais, *La Presse*, and Les Journaux Trans-Canada Ltée.

The committee adjourned.

The Committee resumed at 2 p.m.

**Senator Keith Davey** (Chairman) in the Chair.

**The Chairman:** Honourable Senators, this afternoon we will receive three separate briefs: the final brief will be from Les Journaux Trans-Canada; the second brief will be from *La Presse*; the initial brief, the one we will receive now, is from Gelco Enterprises Limited.

Sitting on my immediate right is Mr. Paul G. Desmarais, the President of Gelco Enterprises Limited. On my left is Mr. Jean Parisien, who is Vice-President of Gelco Enterprises Limited. Sitting on Mr. Desmarais' immediate right is Mr. Jules Deschênes, who is a lawyer and is appearing with Gelco Enterprises Limited.

Gentlemen, the procedure we follow here is to ask our witnesses to make a brief opening statement. Usually at this point I say that the briefs were received some three weeks in advance, as we requested. This was not the case with the Gelco brief. I think some honourable Senators saw it for the first time last evening, and indeed perhaps some of them saw it for the first time this morning.

That being so, as it is my understanding that Mr. Deschênes will make the opening statement, my suggestion would be that you, Mr. Deschênes, may want to review the contents of the brief and say anything else you may wish to add. Take as much time as you need, but hopefully not more than 15 minutes.

Then, Mr. Desmarais, the Senators will proceed to question you on the contents of the brief and on Mr. Deschênes' statement, and perhaps on other matters that may be concerning them. The questions will, I think, be directed to you, Mr. Desmarais, and if you in turn wish to refer them to your colleagues, that is fine with us. After that we will turn to the other briefs later in the afternoon, when we will be delighted to have you stay with us, but we will not keep you.

**Mr. Paul-G. Desmarais, President, Gelco Enterprises Limited:** Thank you, Mr. Chairman.

**Mr. Jules Deschênes, Lawyer, Gelco Enterprises Limited:** Mr. Chairman, I was delighted



to learn that you did not want to hear from me for more than 15 minutes, and I assure you that I will certainly abide by your advice.

[Translation]

Mr. Chairman, on behalf of Gelco, we have filed a brief which, without a doubt, is now in the hands of the members of this Committee.

I think, Mr. Chairman, that the first thing we would like to put quite clearly to your Committee today is a response to what is foremost in this Committee's terms of reference. I have the English version in front of me at the moment, and we read that: the committee was

"appointed to consider and report upon the ownership and control of the major means of mass public communication in Canada..."

Under these circumstances, Mr. Chairman, we thought it advisable to dispel immediately in the presence of this Committee some of the ideas that have been spread among the public on the matter of control over the principal written media in Montreal, and by that I mean—in particular the newspaper "*La Presse*"—whose President, Mr. Dansereau, and Vice-President, Mr. Bureau, are also here today—and the various newspapers operated by Trans-Canada—whose president Mr. Francoeur is also present here today.

I would ask whether it is advisable, under the circumstances, for us to refer immediately to the brief prepared on behalf of Gelco Enterprises, and especially to the very last page of the brief which is Appendix "B".

In it, Mr. Chairman, Gentlemen, we wanted to give a diagram as simple and clear as possible, of the financial organization of the company which currently operates and publishes the newspaper "*La Presse*".

We notice, then, that "*La Presse*" has a certain number of ordinary shares (7,500) and a certain number of preference shares which, likewise, are ordinary shares (10,000). You can see on this last page of the Gelco brief that the 10,000 preference shares are the personal property of Gelco President, Mr. Paul Desmarais, who is seated on my immediate left, and that this bloc of ordinary shares constitutes the majority of the share capital of the *La Presse* company currently in circulation.

As for the ordinary shares that are held by the Gesco Limited, this company is a fully affiliated subsidiary of Gelco Enterprises Lim-

ited which, in its turn, is 75 per cent controlled, as indicated in the diagram, by the interests of Mr. Desmarais, and 25 per cent controlled by the interests of Mr. Jean Parisien, the Vice-President of the company, who is here on the left of the Chairman.

The net result of this situation is that, whatever could have been said about it in the past, "*La Presse*" of Montreal is controlled at the present time by Mr. Paul Desmarais, who holds most of the stock, personally and through his control over Gelco Enterprises Limited, stock which he shares moreover with Mr. Jean Parisien in the amount of 25 per cent.

I will invite you to turn to the page immediately preceding, Appendix "A", in the Gelco Enterprises brief where you see the organization chart giving the ownership of the other company, Les Journaux Trans-Canada Limitée (which will appear before this Committee shortly) and which shows the ownership of the share capital rests in the hands of four groups. If we take the organization chart, reading from left to right, we see that a part of the share capital of this firm belongs to Mr. Pierre Dansereau, another part to Mr. Paul Desmarais, another to Mr. Jean Parisien and the last to the Société Générale de Publication (which is the firm controlled by Mr. Jacques Francoeur). We also see that this firm of Les Journaux Trans-Canada Limitée which, as you will learn shortly, manages a group of newspapers in the province of Quebec, like "*La Tribune*" of Sherbrooke, "*Le Nouvelliste*" of Trois-Rivières and "*La Voix de l'Est*" of Granby. These firms, like "*La Presse*", are independent firms, and when we look at the chart for "*La Presse*" today, we realize that the matter concerns organizations independent of any other financial control, whether it is considered from the corporative standpoint or otherwise, and I believe that to be a vital issue. It was the first factor we wanted to put before the Committee today: This organizational independence of the two systems which today are responsible for "*La Presse*", on the one hand, and the newspapers managed, or published, by Les Journaux Trans-Canada, on the other.

I mention it because it is as well to state matters clearly, Mr. Chairman and Members of the Committee, and you are already aware that it has been said in some circles, and quite frequently, that the leading French-language newspapers of Quebec were under the control of the Power Corporation of Canada Limited.

I believe it sufficient to consider the diagrams we have put before you and which represent the situation as it exists today (at the time when we are discussing it) in order for us to realize that there is no corporative connection of any kind between Power Corporation Limited, on the one hand and, on the other, the interests, which are the ownership interests, i.e., the ownership of either "*La Presse*" or *Les Journaux Trans-Canada Limitée*.

Having clarified that point, Mr. Chairman, I would like to take just two minutes to make a very brief summary of the brief which Gelco Enterprises Limited filed before this Committee.

We have already said over and over again—and there is no harm in repeating it—in the background information we gave at the beginning of this brief. Here is the proof of the present control of this company—control which rests in the hands of the principal stockholder, Mr. Paul Desmarais and the lesser stockholder, his associate for the past quarter of a century, Mr. Jean Parisien.

This firm considered—and without a doubt its representatives will be able to tell you Members of the Committee, much more eloquently than I that it would be they who wanted this firm considered the importance of a press company in the age we live in today. In the brief we have set forth the circumstances that led the Gelco Company, through Messrs. Desmarais and Parisien, to take an interest in the press companies in Quebec.

Some quite fortuitous, almost chance, factors were involved which decreed that, aided by the circumstances, Gelco interests should concern themselves with the field of news.

Our brief lays before you the principles which seem to us to be fundamental to the operation and management of press companies. In particular, on page 6 of the brief, we find the statement of what we consider to be the fundamental principles for operating press companies in Canada, and especially in Quebec, today. We have said quite explicitly that we recognize, on the one hand, that the public is entitled to news, the most honest and objective news possible.

Secondly, we have placed in the forefront the principle that the traditional editorial presents the editor's thoughts—and I do not think anyone will fight with us on that statement of principle.

We have also shown that the press companies are controlled by Gelco Enterprises and *Les Journaux Trans-Canada*, and that they are, in the first place, Canadian companies, and at the same time, French-speaking Canadian companies with the purpose of spreading the news and seeking to serve the needs and interests of the readers and the community in which they are established. Our conclusions are to the effect that, with an exact understanding of the necessity for freedom of the press, which has been talked about a great deal, but which has become almost a disreputable expression today, precisely because it is being talked about. We are of the opinion—and when I say "we" here, that is to say, Gelco and Messrs. Desmarais and Parisien—are of the opinion that this freedom is one of the freedoms we ought to cherish and protect with the utmost care and energy, and against which, it seems to us, we have no need, for the time being, nor, we hope, in the foreseeable future—for any guideline or protection or any governmental control.

However, Gelco does understand, too, the concern that has become apparent in the public during recent years—its wanting to participate in the evolution of thought, and especially to have its own say in the working out of methods of news coverage and having its own say in the news media. It is common knowledge, for example, that almost everywhere today citizens' committees are being set up because the citizens want to participate in the evolution of government policies.

Under these circumstances, Gelco supports the suggestion which has already been made (and which probably will be voiced again still more forcefully) for the establishing of a press council which would have as its objective the introduction of some discipline, to a certain extent, to the field of news media. However, it is still necessary, and here we have suggested certain conditions, for this press council to be formed on a regional basis to begin with, because we believe that the disparity in regional interests across Canada demands that a press council be established solely on a strictly regional basis. We suggest that this press council ought to be an entirely voluntary organization following an agreement between the parties, and that the public especially be represented in it and be represented by a majority of members.

Under those conditions, Mr. Chairman, we think the formula for the press council is one which should satisfy the misgivings shown,



(sometimes with due cause) by the public and in news circles, and we are happy to support this suggestion.

Those, Mr. Chairman, are the outlines of the policy of Gelco Enterprises Limited in matters concerning news media. Messrs. Parisien and Desmarais are of course at the disposal of your Committee, Mr. Chairman, to answer any questions you might wish to put to them.

[Text]

**The Chairman:** Thank you very much, Mr. Deschênes.

I know that Senator Prowse has a question to ask, but I will turn to Mr. Fortier first.

[Translation]

**Mr. Fortier:** I think, Mr. Desmarais, that before going any further, I would like to settle one point in view of the reference Mr. Deschênes made to Power Corporation of Canada Limited. You are, are you not, the president of that company?

**Mr. Desmarais:** Yes. Chairman of the Board.

**Mr. Fortier:** I beg your pardon?

**Mr. Desmarais:** Chairman of the Board.

**Mr. Fortier:** Chairman of the Board and responsible for the administration?

**Mr. Desmarais:** Yes.

**Mr. Fortier:** Directly or indirectly, how many of the shares, or, what percentage of the ordinary shares of the Power Corporation belong to you?

**Mr. Desmarais:** I think that, from the voting standpoint, we—the Gelco company hold 30 per cent of the shares at par.

**Mr. Fortier:** About 30 per cent.

**Mr. Desmarais:** Yes.

**Mr. Fortier:** That is Gelco, or you?

**Mr. Desmarais:** And Mr. Parisien, yes. Mr. Parisien's interests and mine.

**Mr. Fortier:** All right. Now, Mr. Desmarais, in 1967, you decided to get into the communication industry, so might I ask you the following question? In your brief, you explain very clearly most of the reasons which caused you to take this action, along with Mr. Francœur and others. I wonder if you could tell the Committee whether you considered this

interest in companies which publish newspapers in the same way that you considered investments in other companies, like insurance or trust companies, or whether you feel that it is an altogether separate sphere?

**Mr. Desmarais:** From the business standpoint, if we consider the newspapers as a business matter, then we consider them in the same way; but when we consider the nature of newspapers, it is not at all the same thing. It is necessary to take special measures where the newspapers are concerned. It is true then, that since we have control over the "Investors' Group" now, it may at a particular moment, I suppose, give rise to conflict between the owner of the mutual funds and the newspaper proprietor. So, in order to avoid that, what we did first of all, when I became president of Power Corporation, was we decided to dissociate certain things including, among others, the realms of the newspapers, radio and television. In Gelco, we kept the field of the newspapers. Now, to see to it that there is no conflict between the two, we have delegated our authority, as regards the newspapers, in "*La Presse*" to Mr. Dansereau, Mr. Pierre Dansereau, and in Les Journaux Trans-Canada to Mr. Francœur. That being so, then, we have no say from the standpoint of the editorial, or the newspapers, or control over the newspapers, apart from what we say we are keeping, in the brief we presented.

**Mr. Fortier:** On page 6, when you speak of the "editor", and you say:

"We believe that we fulfil our role of editor..."

To whom are you referring at that moment?

**Mr. Desmarais:** Well, when a person takes on a newspaper, he has the responsibility that goes with its ownership. One of the things that comes of owning a newspaper is that one has the right to determine the editorial attitude, so the opinions expressed in the newspaper are our opinions. Now, to ensure that there is absolutely no conflict between the views expressed in the newspaper and certain interests we might have outside the newspaper world, we have transferred this authority to the president of each newspaper in each region.

**Mr. Fortier:** Mr. Bassett, as you probably know, when he came before this Committee, said—and I think that you will agree with him—that there was no editorial published in his newspaper which did not represent his



point of view, and that, if an editorial was published by one of his employees, and if it did not coincide with his own political or other ideology, that employee would not remain in the employment of *The Telegram*

**Mr. Desmarais:** No. That is not the case with us, because in our company and...

**Mr. Fortier:** Could you explain for us, please?

**Mr. Desmarais:** As I told you, we delegated that authority to Mr. Dansereau of "*La Presse*" and to Mr. Francœur; and, that being so, I cannot afford the luxury of saying to those people: "Well, see here, I would like to have such and such an opinion voiced in the newspapers," or, "show up such and such a thing", or, "put forward an opinion on such and such a matter."

**Mr. Fortier:** Do you see in your brief at the top of page 7, paragraph 2, you say: "The editorial traditionally reflects the editor's thinking."

**Mr. Desmarais:** Yes, it is true. But the editor of the newspaper is, to be precise, Mr. Dansereau, and it is he who takes care of it, not me.

**Mr. Fortier:** I would like us to understand each other properly on that. Who is the editor of "*La Presse*"? Is it you, or Mr. Dansereau?

**Mr. Desmarais:** Me—but I delegated that authority to Mr. Dansereau.

**Mr. Fortier:** But, in the final analysis, it is you.

**Mr. Desmarais:** But when you say that, are you talking about the proprietor?

**Mr. Fortier:** No, there I am using your terms—you were speaking of the editor: "We believe that we fulfil our role of editor."

**Mr. Desmarais:** Oh, yes.

**Mr. Fortier:** You were speaking of "editor"—and we have to understand each other—and I would like to know who is the editor?

**Mr. Desmarais:** The editor of the newspaper has to be me, the owner of the newspaper.

**Mr. Fortier:** All right. So when you say that "the editorial traditionally reflects the editor's thinking", for "editor" we should read

Paul Desmarais, Jean Parisien—Gelco—is that right?

**Mr. Desmarais:** Yes. That is why I say that when someone takes on a newspaper, he is the editor of the newspaper, and he is entitled to his opinion which is reflected in the editorial page of the newspaper.

**Mr. Fortier:** In its brief, which you have probably read—I believe the matter ought to be raised now while you are before the Committee—"La Presse" states on page 5 in paragraph 20:

"The parameters of la Presse's editorial policy have already been expressed in the brief of Gelco Enterprises Ltd. and of Messrs. Paul Desmarais and Jean Parisien."

It should be said that the brief from "*La Presse*" was received at the end of January, and in it there is mention of a brief submitted by Gelco Enterprises Limited, by Messrs. Paul Desmarais and Jean Parisien. We received it yesterday, so they have had the advantage of reading it before us.

**Mr. Desmarais:** Yes. We often discussed it.

**Mr. Fortier:** Touché!

**Mr. Desmarais:** The control does not lie where you think, Mr. Fortier.

**Mr. Fortier:** The brief from *La Presse* says "these memoranda reveal the parameters of the editorial policy of "*La Presse*", and it continues in paragraph 21:

"Within these parameters, the President of "*La Presse*" (that is to say, Mr. Dansereau) is responsible for the editorial policy of "*La Presse*".

What does it mean, "within these parameters"?

**Mr. Desmarais:** Well, look at page 7, and there you have the answer.

**Mr. Fortier:** Page 7 of which brief?

**Mr. Desmarais:** The Gelco brief, paragraph 18, point 3, I think.

**Mr. Fortier:** That is what I was getting at, these "parameters" are what we find in your brief in paragraphs 18 at No. 3(i), (ii), and (iii). Is that it?

**Mr. Desmarais:** Yes.

**Mr. Fortier:** They are the parameters of the editorial policy of "*La Presse*"?

**Mr. Desmarais:** They are the only parameters we have.

**Mr. Fortier:** And, within those parameters, Mr. Dansereau is...

**Mr. Desmarais:** Perfectly free...

**Mr. Fortier:** And he has every latitude?

**Mr. Desmarais:** Yes.

**Mr. Fortier:** If an editorial writer from "*La Presse*" decided to publish an editorial endorsing, let's say, the party of René Levesque, the *Parti Québécois*, what would you do yourself, as editor of "*La Presse*"?

**Mr. Desmarais:** Well, myself, I would ask Mr. Dansereau why he allowed such a thing.

**Mr. Fortier:** Such an editorial would not fit in with the...

**Mr. Desmarais:** Not with the thinking of the editor of "*La Presse*".

**Mr. Fortier:** Do you think that editorial writer would be dismissed from his duties?

**Mr. Desmarais:** In that event, you would have to ask Mr. Dansereau that, as I am not too sure what direction the matter would take.

**Mr. Fortier:** Perhaps I should ask if you would give specific directives touching upon the possibility?

**Mr. Desmarais:** No.

**Mr. Fortier:** But, you do admit that such an editorial would not be within the parameters of your editorial thinking?

**Mr. Desmarais:** It is something Mr. Parisien could...

**Mr. Fortier:** Yes.

[Text]

**Senator Prowse:** I did not get that answer.

**Mr. Parisien:** We are Canadian enterprises and certainly fostering separatism would not be within the bounds of our directive nor of our editors nor of our presidents.

[Translation]

**Mr. Fortier:** All right. Could you explain to the Committee why you deemed it advisable

to sell your interests in Quebec Télémedia Inc.?

**Mr. Desmarais:** It was quite simply a matter concerning Power Corporation. At that time, when I became President of Power Corporation, we decided to simplify the business, as there were investments divided up among too many things. We decided to sell some of them, and when an opportunity arose to sell Québec Télémedia, so we sold it.

**Mr. Fortier:** Should we read into this sale a decision other than one motivated by business sense?

**Mr. Desmarais:** No, no.

**Mr. Fortier:** So my question then is this: do you believe that it is sound practice, in Canada, for a firm, or an individual, holding shares in companies which publish daily or weekly newspapers, that is to say, in the written press, also to hold shares in a company that operates a radio or a television station?

**Mr. Desmarais:** For my part, I think it may be something worth considering. I even think that, perhaps ten years from now, if a newspaper is to survive, it will have to be connected with a television station or with a cable system, because the future, I think, is going to lie in that medium, and the newspaper will perhaps be more a part of that business.

**Mr. Fortier:** Do you visualize yourself one day in the near future taking an active interest in radio or television?

**Mr. Desmarais:** Well, no. As it happens, we have just sold a part of it, and I do not think that we intend to go right out and buy another radio or television station.

**Mr. Fortier:** In view of what you just said a few minutes ago, that it is, after all, tomorrow's medium, how do you reconcile your sale with what you have just said?

**Mr. Desmarais:** I mean that it is not clear-cut and distinct. Today, people say that if you want to work in that field, your operations should encompass that whole field, the whole spectrum. Not only in the case of the newspapers either—if it becomes clear that if the press wants to survive, there will come a time when it will have to have radio or cable connections, or something—well, when that day comes, I think it would be necessary to see about it.

**Mr. Fortier:** In your conclusions, Mr. Desmarais...

[Text]

**The Chairman:** Concerning Quebec Télé-média, that sale has not been finalized?

**Mr. Desmarais:** No, it is before the CRTC for approval.

**The Chairman:** What would you do—well, I cannot ask that question.

**Mr. Fortier:** You might say “I would give it away”.

**Mr. Desmarais:** I am not sure.

[Translation]

**Mr. Fortier:** You say in your brief, Mr. Desmarais—in paragraph 21: “We believe that the regrouping of newspaper enterprises is a natural and positive phenomenon”.

**Mr. Desmarais:** Yes. I believe—as in the case of “*La Tribune*” of Sherbrooke—when we bought “*La Tribune*”—I believe that that was a very good thing because “*La Tribune*” was not a very big newspaper. It was a newspaper suffering from a shortage of capital, and we were able to provide it with funds. So I think, today, that “*La Tribune*” is a viable and a more successful newspaper on account of that.

**Mr. Fortier:** The same tactics applied...

**Mr. Desmarais:** For “*La Presse*” and “*Le Nouvelliste*” also.

**Mr. Fortier:** In your present activity, is there a point at which the concentration now in progress, not only in Quebec, could become dangerous to the public interest?

**Mr. Desmarais:** Well, we must consider whether they come into being in the same way as ours. No, because I think it is a phenomenon that is occurring everywhere, not only here, but in the United States and in France, and elsewhere.

**Mr. Fortier:** So, you consider that maybe one day all the press companies in Quebec will belong to one group?

**Mr. Desmarais:** Oh, no. Perhaps that is possible, but I do not anticipate it.

**Mr. Fortier:** No. But that is why I put the question to you. From the viewpoint of your Board of Directors, or from the viewpoint of Messrs. Dansereau and Parisien, and yourself,

do you think that at a certain moment “it will be enough”.

[Text]

**Mr. Desmarais:** I am not sure that it will be enough. You see, if it is in the actual interest of a newspaper, if a gentleman wants to sell a newspaper some time, then that is when it will be necessary to consider the matter. I do not know where a person can draw the line for saying when “it's enough”.

[Translation]

**Mr. Fortier:** So, it is not a problem yet?

**Mr. Desmarais:** No, it is not a problem yet.

**Mr. Fortier:** Now for a question that we have put to the representatives of the groups who have appeared before the Committee to date... Are you still on the market for daily or weekly newspapers?

**Mr. Desmarais:** If there were any opportunities for purchasing newspapers in the west of the country, we would buy some; and if there were any opportunities for purchasing them in the United States, we would buy some there, too.

[Text]

**The Chairman:** What about Toronto?

**Mr. Desmarais:** Certainly I would love to buy a paper in Toronto. Is there one for sale?

[Translation]

**Mr. Fortier:** So you do not preclude the possibility of buying daily newspapers outside Quebec?

**Mr. Desmarais:** No. Not at all.

**Mr. Fortier:** In Quebec, now, to be more specific, what if “*Le Soleil*” was for sale in Quebec?

**Mr. Desmarais:** It has been talked about a good deal in the last two years—but we are not negotiating to buy “*Le Soleil*”.

**Mr. Fortier:** Mr. Gilbert would not allow me to put the question in that way. But, as a purely hypothetical question, if a press company were to be for sale in Quebec, would you be interested?

**Mr. Desmarais:** It would then be necessary to consider the matter, as it would perhaps be in our interest and in the interest of the newspaper we buy. I do not know. We would have to look into the matter and see how we could supplement our chain of newspapers in order to get better newspapers.



[Text]

**Senator Prowse:** Mr. Desmarais, why do you buy newspapers?

**Mr. Desmarais:** First of all, when we first thought about newspapers, that is, when we came to buy them, I looked upon them as a business transaction. Mr. Francoeur was the man who came to see me and asked me if I wanted to buy. We decided we would, because in the Province of Quebec it became obvious that many of the newspapers would come up for sale. We had a good look at them; some of them needed a lot of management and capital, and know-how in sales and so on. We had a good look at *La Tribune* in Sherbrooke and decided that we should buy it. There is a lot of responsibility tied into buying a newspaper. We bought it knowing there was that responsibility and I think we have better newspapers because of the fact that we have bought it. I am sure people would say inevitably, and it is a fact, that *La Tribune* is a better newspaper.

**Senator Prowse:** The point I am getting at is this. Do you get as good a return from your investments on newspapers as you get from your other enterprises?

**Mr. Desmarais:** Yes, I would say as good and sometimes better in some cases. But it depends on how things are going.

**Senator Prowse:** In other words, you buy newspapers clearly because you get a return on your money there better than you would get on any other kind of investment that is available.

**Mr. Desmarais:** That is one of our motivations. Certainly, the newspaper business is a business and that is the way we first look at it. But I realize there are other responsibilities that go only with newspapers.

**Senator Prowse:** What other reasons would you have? And you may talk about those other responsibilities in answer to this, if you desire.

**Mr. Desmarais:** If you buy a newspaper and own one then you have certain responsibilities as editor of a newspaper and you have to see that the newspaper is run on the proper basis. You will see, if you look at our brief on page 6 and page 7, that we outline, generally, the way we think a newspaper should be operated.

**Senator Prowse:** Yes, I see that on page 6 you say: "We believe that we fulfil our role of

editor in pursuing and in insisting that others abide by the following principles:" and then you enumerate the principles. What experience had you had with newspapers that led you to believe that this was an area in which you perhaps had a particular talent?

**Mr. Desmarais:** If I look at something that is not well managed and is under-capitalized, I can tell. On the other hand, I am not a newspaper man at all. However, I know many good ones and we have associated ourselves with some that we thought were good ones and successful ones. Jacques Francoeur is one, and there are others. They have become part of this and are really running things.

**Senator Prowse:** They had the papers originally?

**Mr. Desmarais:** No, they had some of them. The first paper we bought was *La Tribune*. It was owned by Power Corporation at the time. At that time I had nothing to do with Power Corporation. After that we got into Power Corporation.

**Senator Prowse:** What I am interested in—and which does not appear in the Gelco brief—is that you have very substantial interests in Power Corporation.

**Mr. Desmarais:** Yes, I do.

**Senator Prowse:** I think it would be correct to say a controlling interest.

**Mr. Desmarais:** Not a controlling interest but a major interest. I am Chairman and Chief Executive Officer, and in that way I control it along with the Board of Directors.

**Senator Prowse:** At the moment you have to answer to the rest of them for the way it is running.

**Mr. Desmarais:** And we have to answer to our shareholders as well.

**Senator Prowse:** Because of your interest in Power Corporation and because of your interest in Gelco these are really indivisible interests so far as you personally are concerned; is that not so?

**Mr. Desmarais:** Yes, I would think so.

**Senator Prowse:** What are the various types of interest that Power Corporation has in the province of Quebec?

**Mr. Desmarais:** They have an interest in the pulp and paper industry, shipping in

transportation companies (bus companies and trucking), a glass company, and chemical companies.

**Senator Prowse:** In other words, you are what is generally referred to as a conglomerate.

**Mr. Desmarais:** Yes, I would think so.

**Senator Prowse:** That is in the general, popular and loose language of the term.

**Mr. Desmarais:** Yes, very loose.

**Senator Prowse:** Are you telling us today that you get a better return, or even as good a return, from publishing newspapers as you receive from the other types of business that you have been interested in?

**Mr. Desmarais:** No. There is no such thing as a set percentage. In some cases it is better; in others it is not as good. It depends on whether you have a good year or not, I suppose, in different areas.

**Senator Prowse:** What kind of average return would you get on the invested capital in what we just called the conglomerate interests as compared with the average return you would get on your communications interests?

**Mr. Desmarais:** I don't know. That would be very difficult to answer. You could say, generally speaking, that we would be looking for 10 per cent. Today, with the bank interest rates the way they are, we would be looking for a little more.

**Senator Prowse:** They want about 11 per cent.

**Mr. Desmarais:** Yes.

**An Hon. Senator:** Maybe they should buy a bank.

**Senator Prowse:** Perhaps we should not pursue that subject.

What I am concerned with is the possibility of big business imposing a control on communications. For example, if the pulp and paper industry gave cause for complaint, and I don't know whether it ever would, and one of your newspaper editors decided to pursue a policy of complaining, what would be your attitude?

**Mr. Desmarais:** I am sure they would complain, if there were a need for it.

**Senator Prowse:** But suppose you were going to be hurt badly in a given area by what one of your newspaper editors was recommending?

**Mr. Desmarais:** We realized when we bought the newspapers that this could be possible, and our attitude is that, if it does happen, well, that's it—I mean these people have the responsibility of running these papers and they have to run them in the interest of the community they serve. If that does not coincide with our interest, that is too bad for us. The newspaper has to be honest and report the news as it is and pursue the interests of the people of the community it serves.

**Senator Prowse:** As a percentage of your total holdings, what part of your total investment does your investment in the newspaper business represent?

**Mr. Desmarais:** You know, I never thought of that. What would it be, Mr. Parisien?

**Mr. Jean Parisien, Vice-President, Gelco Enterprises Limited:** I would say roughly half, Senator Prowse.

**Senator Prowse:** You mean that if you took the total value of all the interests of Power Corporation and all of the other things...

**Mr. Parisien:** Oh, no. It would be nowhere near that.

**Mr. Desmarais:** No, it would be 7 per cent. We are referring to our own holdings.

**Senator Prowse:** I am interested in Paul Desmarais.

**The Chairman:** He said 7 per cent.

**Senator Prowse:** So, of your total interests, 7 per cent is in the newspaper business. Does that include all the communications or just the newspapers?

**Mr. Desmarais:** Just the newspaper business. We have no other interests now except the newspapers.

**Senator Prowse:** So 7 per cent of your interests is in the newspaper business. Do you have any kind of rule-of-thumb guide to determine at what point you would write off a bad investment?

**Mr. Desmarais:** I suppose, if you are losing that much money, you would have to write off a bad investment sometimes. You would have to, if it is worthless. That would be determined by how it was going.

**Senator Prowse:** Suppose your newspaper started to pursue a policy inimical or hostile to your other interests?

**Mr. Desmarais:** It would have to be hostile to all our interests. I cannot foresee that. You are talking about 7 per cent being hostile to 93 per cent. I can't foresee that sort of situation. If it did happen, we would certainly have to let the people who run our newspapers take that decision.

**Senator Prowse:** I wonder if you could. Do you have an interest in Warnock Hersey Int'l Ltd. or do they have an interest in you?

**Mr. Desmarais:** No. There is no interest either way.

**Senator Prowse:** No interest at all?

**Mr. Desmarais:** None whatsoever.

**Senator Prowse:** Shawinigan Industries Ltd.?

**Mr. Desmarais:** Yes, they are a wholly-owned subsidiary.

**Senator Prowse:** You have an interest in Canadian Steamship Lines Ltd., in which you hold more than 50 per cent interest.

**Mr. Desmarais:** That is correct.

**Senator Prowse:** And the Imperial Life Assurance Company of Canada, in which you hold more than 50 per cent.

**Mr. Desmarais:** That is right.

**Senator Prowse:** Dominion Glass Company Ltd.

**Mr. Desmarais:** Yes.

**Senator Prowse:** Then, there is Canadian Interurban Properties Ltd. What do they do?

**Mr. Desmarais:** They build.

**Senator Prowse:** What do they build?

**Mr. Desmarais:** They build houses.

**Senator Prowse:** And then Trans-Canada Realities Company Ltd., what about them?

**Mr. Desmarais:** What does it do?

**Senator Prowse:** Yes.

**Mr. Desmarais:** It is a small holding company.

**Senator Prowse:** A holding company.

**Mr. Desmarais:** Very small. It holds some properties.

**Senator Prowse:** Suppose that the editor of your paper decided he was opposed to very large corporations and felt that everything should be broken up into very small units, would you not feel at that point that you should exercise the control that you have?

**Mr. Desmarais:** Well, what we have done, Senator, simply is that we have delegated authority to him. There is no way we could change it.

**Senator Prowse:** What do you mean, that there is no way you could change it?

**Mr. Desmarais:** Well, we have to live by that principle.

**Senator Prowse:** But what is to prevent you from changing it?

**Mr. Desmarais:** Nothing really if we wanted to. We could, but we won't.

**Senator Prowse:** In other words the assurance of the public that the newspapers will be completely free depends entirely on your continuing goodwill, does it not?

**Mr. Desmarais:** No. Perhaps they are, but I think it would be against our interests to do anything else. If we did, then the people would not believe the newspapers and they would not buy them. We have to leave them alone to reflect their own opinions in these areas.

**Senator Prowse:** Do you have publishers as such appointed for each paper?

**Mr. Desmarais:** The publishers are the presidents. The president is in effect the publisher of the newspaper.

**Senator Prowse:** How is he selected?

**Mr. Desmarais:** What we have done when we bought the newspapers is this: Mr. Francœur and Mr. Dansereau became in charge of the newspapers because of their ability, their proven management ability in running successful newspapers.

**Senator Prowse:** If they were successful, why would you want to interfere with them?

**Mr. Desmarais:** We didn't. We just bought them.

**Senator Prowse:** Because they were good investments?

**Mr. Desmarais:** Yes.

**Senator Blois:** And they were for sale.



**Mr. Desmarais:** They were for sale.

**Senator Prowse:** Why were they for sale?

**Mr. Desmarais:** I think you will have to ask that question of Mr. Francœur and Mr. Dansereau.

**The Chairman:** I think that is a good answer, and you will have the opportunity of asking that later.

**Senator Prowse:** And you yourself had no experience in newspaper publication?

**Mr. Desmarais:** No, I had none.

**Senator Prowse:** You were lending them your corporate strength.

**Mr. Desmarais:** Our management strength and I would hope our capital.

**Senator Prowse:** What did this offer them?

**Mr. Desmarais:** From the point of view of accounting controls or merchandizing or sales?

**Senator Prowse:** I think you should explain the word "controls"—it could be misunderstood.

**Mr. Desmarais:** Financial controls, budgets and so on. Some of the papers did not have budgets when we bought them. They were virtually running on a shoestring operation.

**Senator Prowse:** And you have been able to bring them financial strength?

**Mr. Desmarais:** I think so.

**Senator Prowse:** As far as your present experience has indicated, there has been no inclination on your part to interfere with the operation of the newspapers as such?

**Mr. Desmarais:** None whatever. I don't think I have even talked to any of the editors about their policy.

**Senator Prowse:** Now has the advantage that you have been able to bring to them been limited purely to the financial advantages that would flow from expertise and management or has it been reflected in better service to the community?

**Mr. Desmarais:** I think it has, and I think you could ask that question more specifically of the people from *La Presse* and *La Nouvelle*. I think the answer will be that *La Presse* and the others are better newspapers since we bought them. In fact I think the

answer will be that two of them would not be there today if we had not bought them. They would have been closed down.

**The Chairman:** Which two?

**Mr. Desmarais:** I think *La Tribune* was headed for difficulties and the other one was *La Patrie* which was bankrupt.

**Senator Prowse:** Are any of them now making money?

**Mr. Desmarais:** Yes, they are.

**Senator Prowse:** You can build a professional management into them and put them on a better basis?

**Mr. Desmarais:** Yes, because there is a business side to a newspaper, and they have to be run on a business basis.

**Senator Prowse:** Would you think, in connection with news and editorial policy, that it would be to the advantage to publishers or owners of newspapers generally to also obtain the services of professional editors, to use that phrase?

**Mr. Desmarais:** You mean from a management point of view?

**Senator Prowse:** Yes.

**Mr. Desmarais:** Yes, I think it would be all right, but, in these cases, the people that we dealt with wanted to sell outright. It wasn't a question of their going and getting expertise—they wanted to sell.

**Senator Prowse:** They wanted money to get them over various problems?

**Mr. Desmarais:** Yes.

**Senator Prowse:** On page 7 of your brief at paragraph 19 you say you have "delegated the responsibility of implementing the foregoing principles to the president of each of our newspapers". Before that you have given a list of principles among which you say that those who provide the news "must do so with the most honesty". I think this is most important. But who decides if this in fact is being done?

**Mr. Desmarais:** Who decides what?

**Senator Prowse:** Who decides if in fact the president of the paper is implementing these policies you have listed on page 7, as number (i), (ii) and (iii)?

**Mr. Desmarais:** I think one of the things that happens is that if they were not doing that, you would hear somebody complaining about it or belly-aching about it. We have not had any complaints.

**Senator Prowse:** Well, let us assume a situation where you do get somebody belly-aching about it.

**Mr. Desmarais:** Well, I suppose if one of our newspapers became a Separatist newspaper, we would have to do something about it.

**Senator Prowse:** Who would?

**Mr. Desmarais:** Ourselves.

**Senator Prowse:** That is Gelco?

**Mr. Desmarais:** Yes, we would talk to the president of the company involved and ask him to explain why he has gone beyond the parameter. Let us suppose he did not report the news objectively and he was slanting it, then we would do the same thing.

**Senator Prowse:** As a matter of principle and not dealing at the moment with specifics, the owner has to exercise the power which he possesses by virtue of his ownership.

**Mr. Desmarais:** There is a responsibility from that point of view to stay within the general parameters. That is what we have tried to do—to determine what it is and how far we can go in view of the fact that we have other interests.

**Senator Prowse:** The fact is really that the public depends on your goodwill as to the kind of newspaper they get.

**Mr. Desmarais:** Yes, but that is dictated by the public, really. We have to serve their interests or we will die. There are so many counterchecks. You cannot slant news. There are many other ways to obtain news, like television and other newspapers—that is a check in itself. You have to produce the news objectively and honestly or I do not think you would be in business.

**Senator Prowse:** Are any of your newspapers produced in areas where they are the only ones that people have access to?

**Mr. Desmarais:** There are many newspapers which come to Sherbrooke. The main newspaper is *La Tribune*. *La Presse* and *Le Soleil* also come to Sherbrooke.

**Senator Prowse:** So it would be true to say that you do not really have a closed shop, or a monopoly situation?

**The Chairman:** A local daily press monopoly?

**Senator Prowse:** Yes, a local daily press monopoly. Do you have any problem getting advertising, particularly from the national advertisers?

**Mr. Desmarais:** Could we pass that?

**The Chairman:** Can you give us some examples of editorials or articles which have appeared in any of your newspapers to which you have taken exception?

**Mr. Desmarais:** No. I cannot.

**Senator Prowse:** Perhaps you should ask him to which he felt he might have liked to have taken exception.

**Mr. Desmarais:** Oh, boy.

[Translation]

**Mr. Fortier:** Mr. Desmarais, I would like your comment on a statement which Mr. Péladeau made before the Committee this morning. Mr. Pierre Péladeau, stated that it might be desirable for the share capital of a company which publishes a daily newspaper to become the property of the public in general and that freedom of the press in a democratic country could only benefit. And he added that it was a move that their companies will consider in the near future.

**Mr. Desmarais:** Does this mean that he will relinquish his control?

**Mr. Fortier:** He did not suggest that he would necessarily abandon his control, but that he would offer a percentage of the shares to the public. Do you feel that this is a wise move?

**Mr. Desmarais:** Yes, I think it is probably a good thing if the public wants to share in purchasing a newspaper.

**Mr. Fortier:** Do you plan some day to do that?

**Mr. Desmarais:** Yes, perhaps at some time.

[Text]

**The Chairman:** We will turn now, Mr. Desmarais, to the reception of the brief from *La Presse*. I will thank you more fully at the end of the afternoon. I had hoped you might

stay for the rest of the afternoon. You can go to the back and relax. We may have other questions and hope you will answer them as you did these. We are most grateful.

Honourable Senators, we are now going to receive the second of the three briefs this afternoon, that from *La Presse*. Sitting on my immediate right is Mr. Pierre Dansereau, who is the President of *La Presse*. Seated next to Mr. Dansereau is Mr. André Bureau, Executive Vice-President. At the end of the table is Mr. Jean-Robert Gauthier, Director, Personnel and Labour Relations. On my immediate left is Mr. Pierre Lafrance, who is the Managing Editor.

Mr. Dansereau, the brief from *La Presse* was received several weeks in advance, as requested. It has been circulated, read and studied by the Senators. We now turn to you, sir, for an oral statement in which you may amplify and explain the contents of the brief, adding anything that might occur to you. Following that we will ask you questions with reference to your brief and oral statement. If you wish, any of your colleagues, may answer as well.

[Translation]

**Mr. Pierre Dansereau, President, La Presse:** Mr. Chairman, Senators, as President of the newspaper, *La Presse*, I am pleased to lend my co-operation and the experience of my co-workers to the work of this Committee. I hope that one of the effects of this inquiry will be to alert you to the new dangers which threaten written communication.

Among these dangers, let us consider in particular the unfair competition represented by the national radio-television network which not only draws from the same advertising resources as the newspapers, but, in addition, benefits from state subsidies amounting to close to \$170 million annually.

Let us also mention the competition from the foreign media which are more and more flooding our markets, particularly in Quebec where the public is interested not just in French publications but also in those translated from English, not to mention the purely English Canadian and American publications.

Another threat to the citizen's right to information is the unreasonable and constant increase in postal rates which, in Quebec alone, from the first year of its application, has deprived the daily newspaper of more than 40,000 subscribers, representing over 125,000 readers. Let us also mention in passing that the second-class rates in the United

States underwent an increase from 3 to 5 cents per pound in three stages over three successive years, whereas in Canada we have had to absorb the same increase in a single blow, and to assume two others equally as great a few months later.

In addition, these increases in postal rates are discriminatory since, according to the figures of the Post Office Department itself, Canadian daily newspapers must assume 81 per cent of the cost of the delivery while foreign publications such as *Time* and *Reader's Digest* assume only 31 per cent of the total cost of delivery.

In addition to the dangers which have just been outlined, we must face a number of other serious problems. There are, for example, the problems of jurisdiction which arise between the unions of employees whose trades have been changed through technological development; the influence over news exercised by the journalist unions; the tendency of governments and other authorities to limit access to information. These are some of the problems which we hope your Committee will consider.

On the other hand, I am personally convinced that regrouping of the written communication media is absolutely essential to the survival of these enterprises. Recent experience has shown that because of the severity of succession duties, the lack of the necessary capital to carry out technological change, the impossibility for a single enterprise to attract and create a competent staff, an isolated daily newspaper is inevitably called upon to combine with some form of regrouping if it does not wish to disappear. To avoid such a consequence, I would be in favour of a regrouping of press enterprises, whatever their nature. Moreover, this would involve no danger as there will always be other means of written or electronic communication.

I also feel that regrouping of the newspapers, radio and television stations in a single area of influence can be acceptable, provided competition does exist. Such regrouping could also be permitted if it favoured the survival of a newspaper. Furthermore, in addition to providing a guarantee for the future, regrouping of the communication enterprises at the same time sets up a barrier against the Americanization of Canadian society; every time an enterprise disappears, the influence of the foreign media increases.

I wish to emphasize that *La Presse* is firmly opposed to any government control in the



field of information, particularly in the field of written information. We favour and work towards the creation of a regional rather than a national press council whose function would be to safeguard freedom of the press, without government intervention, in all the communication media. Such a press council would be formed following an agreement among the three parties concerned: first of all, the public which would receive the majority representation, then the journalists, and lastly editors and radio and television broadcasters.

We have illustrated in our brief how news is handled in our office, what the role of the editorial is and what internal and external means and guarantees ensure freedom of expression and news honesty at *La Presse*.

Since *La Gazette* was founded by Théophraste Renaudot in 1631, parliaments have almost all had the desire (and several have succumbed to it) to pass laws governing the press. Experience has proven that any government intervention in the information field has always resulted in abuses, the inevitable consequences of which were to deprive the public of its right to information, and the individual of his freedom of speech; this is what must be avoided at all costs.

[Text]

**The Chairman:** Thank you very much, Mr. Dansereau. We will begin the questioning this afternoon with Mr. Fortier.

[Translation]

**Mr. Fortier:** Mr. Dansereau, do you at *La Presse* have access to certain facilities or persons employed by les Journaux Trans-Canada or are the two sectors mutually exclusive?

**Mr. Dansereau:** The two areas are mutually exclusive.

**Mr. Fortier:** There is no relationship between the two sectors?

**Mr. Dansereau:** There is co-operation on the technological level, but regarding news, there is only one point of co-operation and that is Pierre O'Neil's column which appears, I believe, only in *La Tribune*.

**Mr. Fortier:** You mentioned, in the statement which you have just read, that you favour regrouping of press enterprises, whatever their nature. Are the members of the Committee to understand that in the case of Les Journaux Trans-Canada and *La Presse* such regrouping does not exist?

**Mr. Dansereau:** Not at present, no.

**Mr. Fortier:** Do you recommend it should?

**Mr. Dansereau:** I do not recommend it, but if circumstances demand it, I feel that to ensure survival it would be a good thing.

**Mr. Fortier:** Is it just a question of survival or is it not, as I understood, a question of a pooling of resources, if you will?

**Mr. Dansereau:** Naturally, a pooling of resources favours expansion which a single newspaper could not allow itself. Obviously, once this has taken place, it brings considerable development with regard to both information and technology. A newspaper alone could not consider this. Let us take as an example *Le Nouvelliste* in Trois-Rivières. When I was there, I could not consider the establishment of a research branch. The same holds true for a promotion or a marketing branch. Inevitably, therefore, we were relegated to rear guard action. We were consigned to slow extermination.

**Mr. Fortier:** I am trying to follow you. From Mr. Desmarais' and your presentation earlier, it seems to me that the end result must be—I used the term "pooling" earlier—and I am going to use it again—a pooling of the interests of *La Presse* and those of Les Journaux Trans-Canada while at the same time preserving editorial freedom.

**Mr. Dansereau:** Well, I am not prepared to say that this must be the end result because the nature of a provincial newspaper and the nature of a metropolitan newspaper are completely different. As long as both identities are preserved, I feel that it is a good thing to preserve them.

**Mr. Fortier:** You say, "As long as they are preserved." What could force *La Presse* to...?

**Mr. Dansereau:** Economic conditions.

**Mr. Fortier:** This is all that you consider?

**Mr. Dansereau:** Yes.

**Mr. Fortier:** Today, would *La Presse* not be a better newspaper if it were part of the Trans-Canada group?

**Mr. Dansereau:** *La Presse* is a better newspaper because it is the property of Mr. Desmarais.

**Mr. Fortier:** I shall not go further. If *La Presse* were to become—I shall not mention

ownership—an integral part of Les Journaux Trans-Canada, I am asking you whether, in your opinion, *La Presse* could become a better newspaper?

**Mr. Dansereau:** No, I think not.

**Mr. Fortier:** It is not a necessity?

**Mr. Dansereau:** It is not a necessity. It is not a necessary step for *La Presse* to become a better newspaper.

**Mr. Fortier:** You state that freedom of *La Presse* in Quebec does exist, is that not so?

**Mr. Dansereau:** Yes.

**Mr. Fortier:** Did it exist to a greater degree before it became the property of Mr. Desmarais and associates? Has this freedom diminished since *La Presse* has passed into Mr. Desmarais' hands?

**Mr. Dansereau:** I believe that it is greater.

**Mr. Fortier:** Could you elaborate somewhat?

**Mr. Dansereau:** Does your question refer to the period after the purchase of *La Presse* by Mr. Desmarais?

**Mr. Fortier:** Yes.

**Mr. Dansereau:** Personally, I was not with *La Presse* before Mr. Desmarais' arrival. However, being in the newspaper business, I have been given to understand that there was much more direct influence by the owners of *La Presse* over the news under the previous ownership than there is today; there is none today.

**Mr. Fortier:** If there is some influence on the part of the owners today, as President of *La Presse*, what do you consider it to be?

**Mr. Dansereau:** There is no influence.

**Mr. Fortier:** With regard to the editorial comments which you mention in your brief, paragraph 20, can you explain to the members of the Committee how these are suggested?

**Mr. Dansereau:** Orally.

**Mr. Fortier:** Pardon?

**Mr. Dansereau:** Orally. There are no exact rules, there are no written edicts, nothing.

**Mr. Fortier:** Have you ever at any time submitted a planned editorial to your owner?

**Mr. Dansereau:** Never.

**Mr. Fortier:** Or mentioned to him that you intended to undertake a detailed study of a subject?

**Mr. Dansereau:** Never.

**Mr. Fortier:** Were you here this morning? I know that I saw Mr. Bureau...

**Mr. Dansereau:** No, I was not here this morning.

**Mr. Fortier:** *Le Journal de Montréal* sells approximately 50,000 or 55,000 copies. *Montréal-Matin* has a circulation of approximately 138,000 copies.

**Mr. Dansereau:** Today, it is 160,000.

**Mr. Fortier:** And with regard to both *Le Journal de Montréal* and *Montréal-Matin*, we were told this morning that their circulation will increase.

**Mr. Dansereau:** Yes.

**Mr. Fortier:** Their circulation will increase while that of the other Montreal newspapers remains almost the same, or in some cases decreases. Can you explain this phenomenon?

**Mr. Dansereau:** The only explanation that I see—and we are working on it at *La Presse*—is that, to date, *La Presse* has not made enough attempts to reach the masses. It has produced a newspaper which was much too intellectual to appeal to the lower levels—I am not saying the lowest level—as *Le Journal de Montréal* does through a degree of sensationalism and *Montréal-Matin* through sports. We, on the other hand, provide complete news coverage. Now, as for the chap who works at Vickers, Bill 63 will pass right over his head while the horse races will be somewhat more interesting.

**Mr. Fortier:** Do you intend to do something to draw more readers?

**Mr. Dansereau:** Yes. Mr. Lafrance who is here today, the news director, has a project in this regard. He is studying the matter and may perhaps explain his ideas to you.

**Mr. Fortier:** Will you inform us of this project?

**Mr. Lafrance, Managing Editor, La Presse:** I should first like to add to what Mr. Dansereau said. Obviously, *La Presse* is a very serious newspaper which also seeks to reach the masses. However, it is an afternoon news-



paper and perhaps at present the morning newspapers have a certain advantage over us. Perhaps we should revise our way of reaching readers. Nevertheless, I claim that at present *La Presse* is a very complete newspaper, a newspaper which is approachable for readers. On the other hand, I agree with the President when he states that ways must be found of increasing our circulation. We have now begun a series of surveys to determine what the real tastes and needs of the readers are, and to attempt to meet these needs through our product. Now, with the organization we have set up here, we claim better to meet the tastes and needs of the readers. The new system has not been set up long—a system enabling us to take into account day by day the major interest areas of the population we serve—but we are anticipating excellent results. However, I hasten to add that I feel it is a question of time. Our newspaper already answers the needs of its readers, but we have perhaps a little way to go yet. We are perhaps too stable. I feel that we are not progressing fast enough. I hope that in the months to come, we will.

**Mr. Fortier:** I hope so. Do you feel—I am attempting to summarize your thought—that more and more Quebec and Canadian readers are looking for newspapers which offer them all the news in one, two or three areas—as Mr. Péladeau mentioned to us this morning, such as sports and local news—and the rest is superfluous, whereas at *La Presse* you attempt to cover the entire range. You state that *La Presse* is a complete newspaper. Do you feel that in the daily newspapers, the accent is being placed increasingly more on news in a few areas, rather than in all areas?

**Mr. Bureau:** I should like to comment on this if I may, Mr. Fortier. First, the fact that our circulation is already at least four times that of *Le Journal de Montréal* proves that there is a sizeable segment of the population interested in general news coverage. What Mr. Péladeau explained to you this morning—I attended part of his presentation—is precisely what we are looking for ourselves. Mr. Péladeau is in the process of conducting an experiment which was done by *La Presse* several years ago, that is, he has begun by interesting certain categories of readers, what are called target groups, like sports readers, readers of sensational news or factual news. At *La Presse* these readers have already been served over the past years so, today, we must vary the readership we have had for many years. When Mr. Lafrance spoke to you ear-

lier of new units, new information structures, he was referring precisely to this new direction in areas of interest. In this way, the some 200,000 readers of *La Presse* will continue to find what they are looking for in *La Presse* and, as well, a number of other readers will be attracted—readers who, today, perhaps do not find what they would like to find in *La Presse* since areas of interest today are not quite what they were a few years ago. Taking sports as an example, we have one of the most complete teams, a team of 15 reporters covering sports. Entertainment news is an area which is of special interest to some weekly newspapers. However, until a few years ago, the large newspapers, the large daily papers had neglected to provide their readers with information of this kind which we have done, and there is a fairly encouraging response to this.

**Mr. Fortier:** With *Spec*?

**Mr. Bureau:** With *Spec* and *La Presse*, because on Saturdays we also publish a television guide providing information on the world of entertainment; on Thursdays, *Spec* provides information in the same area. We have also emphasized other areas, for example, economics and finance—and Mr. Lafrance may perhaps give you some explanations in this regard—and national and international politics. Certainly the reader is primarily interested in local politics. He is first of all interested in local events. However, the fact remains that there is a whole category of readers preoccupied by national and international news and we are finally attempting to place more emphasis in the newspaper on national and international news. We have, moreover, reorganized our Ottawa office with this in mind. We have three full-time journalists here in Ottawa and occasionally Montreal newsmen come here to help out their Ottawa colleagues with special assignments or investigations on areas of interest to the Canadian nation as a whole.

**Mr. Fortier:** There is a phenomenon in Quebec which has amazed several members of the Committee and that is the outstanding success of the weekly newspapers when compared with the weeklies in English-speaking Canada where they are practically nonexistent. How do you explain this, Mr. Dansereau or Mr. Bureau?

**Mr. Bureau:** I feel that for too many years, the daily newspapers have begrudged the influence of radio and television. They viewed television as a dangerous competitor and



remained almost silent on a subject of increasingly greater interest to segments of our population. What people failed to find in their daily newspapers, they found in the weeklies which dealt with entertainment, and this was probably one of the reasons for the success of such weeklies. In these newspapers, people were able to find things they could not find in our dailies. Now, there is a way of approaching these subjects and a certain importance which must be accorded them. In *La Presse's* Thursday supplement, *Spec*, we attempt to give information on the world of entertainment—as offered in the prominent and highly successful weeklies—in keeping with the standard of information maintained in the rest of *La Presse*.

**Mr. Fortier:** How do you explain the fact that in Toronto there are two daily newspapers with circulations of some 400 thousand and 300 thousand whereas in Montreal, a city with a greater population than Toronto, there is only one French evening newspaper and a single English newspaper?

**Mr. Bureau:** In Montreal, we have a score of French and English newspapers, and French Canadians in Montreal also read the English newspapers. One should count the total circulation of all daily newspapers here in Montreal in order to form a relatively accurate comparison with the circulation of newspapers in Toronto. This is the first factor.

[Text]

**The Chairman:** Do you have many English readers reading your papers?

**Mr. Bureau:** I do not think we have so many English readers. Maybe Mr. Lafrance could answer that.

**Mr. Lafrance:** I saw from a survey on Saturday we have 6,000 English language subscribers.

**The Chairman:** And there would be more French readers reading, for example, *The Star*?

**Mr. Lafrance:** I suppose so.

**The Chairman:** I am sorry I interrupted you.

[Translation]

**Mr. Fortier:** When Mr. Price of *The Star* and others were here, they told us that twenty per cent of their readers were French-speaking.

**Mr. Bureau:** I would be interested to know how many French-speaking persons read *The Gazette*. If we add the 20 per cent who read the English newspapers to the circulation of the French Canadian newspapers, it will perhaps be seen that we have a readership comparable to that of the Toronto newspapers.

**Mr. Fortier:** In your opinion, is there room in Montreal for another French evening newspaper?

**Mr. Bureau:** Evening newspaper?

**Mr. Fortier:** Yes, which would be in direct competition with *La Presse*.

**Mr. Bureau:** Well, the matter has not yet been raised. Have some others answered you on this subject—if I may take the liberty of asking?

**Mr. Fortier:** Yes, we were given to understand that there was room.

**Mr. Bureau:** Well, everything depends upon the extent or size of the newspaper imagined. We feel that there is room for an additional French daily newspaper in the morning and there is perhaps room for an additional French daily in the evening. We shall certainly attempt to recover everything we can recover, and if there is something left over, so much the better.

**Mr. Fortier:** With regard to the reader's time, what do you consider to be your first competitor in Montreal?

**Mr. Bureau:** Television.

**Mr. Fortier:** Television, then, in the press?

**Mr. Bureau:** I do not have the figures on hand. I do not know whether Mr. Lafrance remembers the figures we had concerning the percentage of time represented by the various newspapers, but they are already a few years out of date and I feel that it would not be right to give you a reply based on statistics for 1965-66. I know that, generally speaking, with regard to the written media and electronic media, our competitor obviously is the electronic media. However, among the written media themselves, I am afraid that I cannot supply any figures. I do not know whether Mr. Lafrance...

**Mr. Lafrance:** I do not remember either.

**Mr. Fortier:** Mr. Bureau, I am not old enough to answer this question. You and I are the same age.

**Mr. Bureau:** We are the same age but you seem to be more serious than I.

**Mr. Fortier:** Mr. Dansereau or Mr. Bureau, has the arrival of television as a communication or news medium changed the newspaper, the press, the daily newspaper of the past, and if so, in what way?

**Mr. Dansereau:** I feel that television has actually helped, and perhaps has not changed the newspaper. But like all competition, even if it is another newspaper, has improved the product. Television has definitely forced the newspaper to dwell less on spot news and more on analysis, the reason behind the news, the reason behind a situation or thing, whereas previously the event was simply reported. This, I feel, is the major change which television has forced the newspaper to make.

**Mr. Fortier:** Before the Committee in December, a newspaper owner stated that with the arrival of television, the daily paper has been compelled to become more honest, more frank, because the reader could compare the news. What do you think of this statement?

**Mr. Dansereau:** Not necessarily so because he could compare the news before in another newspaper.

**Mr. Fortier:** That depends, of course, on whether there was another newspaper available.

**Mr. Dansereau:** Yes, but take a city such as Montreal. If *The Star* reported something one way and the *Montréal-Matin* another, he could always compare.

**Mr. Fortier:** A year ago, Mr. Bureau, you started publishing *Télé-Pressé*, you started publishing *Spec* and you explained earlier that it was to compete with certain...

**Mr. Bureau:** No.

**Mr. Fortier:** No?

**Mr. Bureau:** It was not a matter of competing. It was an area which we did not cover and which we ought to have covered.

**Mr. Fortier:** Which you needed to?

**Mr. Bureau:** Exactly, just as we reorganized the economic and financial pages early last fall and increased our team of eight journalists to thirteen. At the moment we produce daily pages of economic and financial news which, I believe, have no counterpart at pres-

ent in the French newspapers in Quebec. We plan in the very near future to supply our readers with a news sheet, a weekly news sheet on economics and finance, truly tailored to the needs of the French Canadian reader in Quebec. This is what we are in the process of preparing now. It takes many months—first research into readers' habits, then seeking out the talent needed to prepare the weekly sheet, then regular work on it.

**Mr. Fortier:** This weekly news sheet lends itself much more to a magazine than to a daily newspaper and the question I wish to ask you is this: are we to understand that at *La Presse* you felt that you had to enter into direct competition with the weekly magazine?

**Mr. Bureau:** No. What really led us to start this kind of publication was the need which the reader had, to find easily accessible information. In the case of *Télé-Pressé* there were already television guides in French which were on sale and had attained some success in the Province of Quebec. Our readers found in the pages of *La Presse* every day, the list of radio and television broadcasts which we published. It was easier, I think, simply to re-group in a small booklet, in a television guide, all this information, than to present them from day to day and to oblige our readers to open a large, awkward newspaper to find, at 7:20 a programme for Channel 12 or Channel 6. It is but a matter of placing at the reader's disposal the form of information which he needs.

When we speak of an economics or financial booklet, it is a different matter, because our economics-financial booklet follows our daily information pages. It is simply a range of more complete pages, so to speak where there will be more space for analyses, interviews or presentation of documents, which we will do once a week, but it will in reality be a follow-up and an extension of our daily pages.

**Mr. Fortier:** You then continue to publish the *La Presse* newspaper daily, and once a week you offer your readers a specialized treatment, so to speak?

**Mr. Bureau:** That's true—in one field.

**Mr. Fortier:** After having heard you express in such an eloquent manner your former successes and those you have projected for the future, do you believe that a magazine or revue has a future in Quebec?

**Mr. Bureau:** Well, after having heard Mr. Péladeau this morning, I do not know whether I dare answer; he has much more experience than I have. In any case, I think that it probably depends on the formula. With a formula such as that of *Télé-Presse*, there was no problem, it could be started very easily, it answered the need for information on the world of theatre and on television programmes. The same with a booklet like *Spec*; our economics-financial booklet must not be, I believe, connected to the magazine formulas. Really, I do not think that they can be related to such a formula. Our booklet should really be presented as in a daily newspaper. Now, I would not exclude at all the possibility of adding booklets which resemble specialized magazines in the inside of our publications.

I will not unveil all our projects to you because I would not want our competitors to go into the same field as we, at the same time, but we have a whole lot of projects which relate to specialized magazines and which could be inserted in our daily newspaper in order to give, once again, to our readers, all the news, because we are a general information newspaper. Therefore, whether it be in the field of fashions, or in the field of cooking or in sports or in the financial field, a lot of things can be thought of which can be inserted and which could be easily preserved by the reader—easy to consult and which would also, on the marketing level, in the sense of publicity, be more easily saleable in the inside of a daily rather than separate from a daily.

**Mr. Fortier:** And that is where you at *La Presse* are headed for, from what you say?

**Mr. Bureau:** Yes, especially in that direction. It is one of the things which we foresee.

**Mr. Fortier:** In your brief you think highly of this separation which took place, a year ago, of the editorial service and the information services. Do you mean by this that at *La Presse* before a year ago these two services were one?

**Mr. Bureau:** Yes.

**Mr. Fortier:** Because we have always understood, besides we were told this here, that most of the editors and newspaper owners which came before the Committee to date have led us to believe that this complete separation always existed. How do you explain that at *La Presse* this did not exist up to a year ago?

**Mr. Bureau:** First, historically, I think that we must go a little further back than this to the daily newspapers which existed; the owner had a very large influence, a few years ago, both on the editorial content and on news content.

**Mr. Fortier:** This, not only in Quebec?

**Mr. Bureau:** No, but I know a little bit about this sector. Because of this, information and editorial were under his final control for all practical purposes.

When it was a matter of a small newspaper, well, there was no super-structure which divided the different services in such a completely separate manner as a newspaper of the size of *La Presse*. At *La Presse*, since it was a family enterprise which was managed as were most of the daily newspapers some years ago, at the head of the editorial service and of the news service there was an editor-in-chief who had authority in both editorial and news departments. Then the owner of the newspaper delegated his authority, in editorial matters and in news matters, to the same individual, who was editor-in-chief, because at that moment there were three large sections in newspapers: advertising and circulation sales, news and editorial. Alongside this, there were the relative administrative services and, of course, production. Today, it is much more divided, specialized, and this is what has brought us to separate, in a very clean-cut manner, the editorial from the news services, so that, from now on, at *La Presse*, the editorial service is answerable to the president and the news service depends upon my authority.

**Mr. Fortier:** Mr. Dansereau, as for the editorial, do you have daily meetings with the members of your office?

**Mr. Dansereau:** There are none at present.

**Mr. Fortier:** There are none?

**Mr. Dansereau:** No.

**Mr. Fortier:** Let's take any editorial,—could you explain for us

**Mr. Dansereau:** Certainly.

**Mr. Fortier:** How for example is it that Mr. Pellerin writes an editorial, on Monday February 16 entitled "Just cause, dubious means, —"which deals with the postal conflict".

**Mr. Dansereau:** The Chief editorial writer meets with his editorial writers, each morn-



ing. They discuss the news happenings among themselves.

**Mr. Fortier:** Do these meetings take place at that level?

**Mr. Dansereau:** At that level.

**Mr. Fortier:** Fine.

**Mr. Dansereau:** Among themselves they determine what subjects they will handle on the following day. These subjects are then sent to me, and if I have any comments to make or opinions to give, I meet the chief editorial writer, then, and we discuss them together. This is how it works.

**Mr. Fortier:** Could you as president, impose the editorial, treatment of a subject on one of your editorial writers?

**Mr. Dansereau:** I could not impose it because he would not sign it.

**Mr. Fortier:** You say that he would not sign it. I would like to hear you further on this point. In the French press, editorials are signed, in the English press they are not—why?

**Mr. Dansereau:** Well, let us say it is perhaps a matter of mentality; the French or Latin mentality, likes to identify persons, while the Anglo-Saxon mentality prefers seeing the thought of an enterprise, of a group. Let us say that Latins have more hero-worship than Anglo-Saxons.

**Mr. Fortier:** Then, you could not impose a subject, but obviously you could suggest one?

**Mr. Dansereau:** Yes.

**Mr. Fortier:** And, does Mr. Bureau ever participate in these discussions?

**Mr. Dansereau:** No.

**Mr. Fortier:** In the same way as you, you do not participate in the meetings which could take place.

**Mr. Dansereau:** No, I do not participate, but I could go any time.

**Mr. Fortier:** In the news field, for example?

**Mr. Dansereau:** In the news field?—Yes surely I could participate, but it is Mr. Bureau who has the responsibility, I let him do it; but even if I do not participate, in fact, I could do so.

[Text]

**The Chairman:** I suggest that we adjourn for five minutes before you proceed, Mr. Fortier. I know that you have several more questions to ask *La Presse*, and I know that Senator Beaubien has a question to ask. I had hoped that we might complete our session with *La Presse* before adjourning, but I do not think that is possible, although I do not think we are going to detain you for much longer, Mr. Dansereau.

**Mr. Fortier:** Mr. Dansereau wishes to elaborate on one or two of his points.

[Translation]

**Mr. Dansereau:** A little while ago, I mentioned that I could participate in the news; this is perhaps a bit too direct an affirmation. By participating in the news, I mean that it is in collaboration with Mr. Bureau, who has the responsibility for news policy. At that level, we have conferences but intervention does not take place in the news sector.

**Mr. Fortier:** As President could you intervene?

**Mr. Dansereau:** That's right.

**Mr. Fortier:** In your brief you mention at page 8 under the heading of guarantee of this freedom and honesty of information—and you reproduce certain classes of your collective labour agreement.—Clause 7.02 sub-paragraph (b) among others reads as follows:

(b) comments, analysis, chronicles and other reports, information copy excluded, must not be hostile to the Employer or his ideological orientation, nor be contrary to good morals and morality;

What do you mean by: 'must not be hostile to the Employer or to his ideological orientation'."

**Mr. Bureau:** I can perhaps give the beginnings of a reply, as long as Mr. Lafrance comments.

First, we distinguish commentaries, analyses and reports from straight news reports.

**Mr. Fortier:** Agreed.

**Mr. Bureau:** That's why, for example, we published, in *La Presse*, a lot of news even concerning problems which we had for a while with our own newsmen; in December, for example, there were some small problems with our trade-union of newsmen and *La Presse* published reports concerning news

about these things—on this misunderstanding between the employer and his employees. However, it would not have been tolerated that we publish, in *La Presse*, under the pretext that it would have been commentaries, or a so-called analysis or report—documents which would have really been hostile to *La Presse*. This is the distinction we make between the two. We publish the news, but we say that it is not tolerated that we publish in *La Presse* documents made by our employees, and which would be hostile to us.

**Mr. Fortier:** And what if the trade union gives you a news release?

**Mr. Bureau:** If the release has news value it will surely be published, and this has been done all along during the troubles between the union and the company. If it were a matter of reports hostile to the employer, we believe that there would be other means, besides publishing them in our paper. If a newsman wishes to publish criticism hostile to *La Presse* he would be fully justified—there is the strike procedure which exists in our collective agreement.

**Mr. Fortier:** What happens in the case of a comment which is hostile to the employer?

**Mr. Bureau:** Concerning the news document, if it is hostile to the newspaper, he would have the right to apply for arbitration.

**Mr. Fortier:** Do you wish to add something, Mr. Lafrance?

**Mr. Lafrance:** I think this is complete but let us say in practice, it has never happened. It is a matter of pride for the newsmen; I believe that the newsmen of *La Presse* are proud of their newspaper. I do not see what interest they would have in their own newspaper if they were to criticize the company—I am thinking on the news level.

But, in practice, I do not remember its having happened at *La Presse*, or that analyses or commentaries had to be refused for this reason.

**Mr. Fortier:** For some years, you have had—you made reference to it in your last reply, Mr. Bureau—certain problems with certain unions, have you not? Could you speak to us about the role of trade unions in the treatment of news at *La Presse*?

**Mr. Bureau:** The union, in fact, is the newsmen's union.

**Mr. Fortier:** Trade unionism in general, first, and then, it can become more specific.

**Mr. Bureau:** When we speak of trade unionism in general, and when other unions of the company are mentioned, of the influence on the others. Obviously, if the shippers went on strike, it would definitely influence our role as informers, nevertheless it would be indirect.

The problems which we could have with newsmen, are the problems which all newspaper enterprises meet. It is a case, at certain times, of redefining standards, to study the projects of structure of all kinds or all plans for changes in a company, which is as old as ours, and carries with it necessarily reactions from certain employees. It is not the same as in a small company, or in a newly formed one, where there is perpetual change. Ours exists for several years and there had been things which had not been changed for a long time. From this fact, when there is a certain change to be made, it can carry certain reactions. What their role is in a newspaper's reorganization—I would prefer to ask the Director of Personnel who could supply you with much information on this subject, and even place before you a complete file on the influence which unionized newsmen because they belong to a union can exercise in the production of news.

Besides this is the meaning of our recommendation, at page 101 paragraph 4, of our brief which says:

"That your Committee should consider the opportunity of studying the role played by unions of journalists in the production of information and the effects of the regrouping of these unions within the large pluralist labour organizations."

What we wish to underline, here, before your Committee, is, first of all, the problem of common management which has been talked about for sometime, particularly in France, and more recently in the United States, and Canada also. The problem of common management is a problem which has already been faced without calling it by this name, in a company like *La Presse* where professional unionism is very active.

We have already within our framework in the area of news production, a form of cooperation between the unionized newsmen, and the management of news services.

The second thing which we wished to underline in this recommendation, is the potential danger in this arrangement because

I understand that your Committee is examining this area in connection with the present mass media to see what the danger this concentration poses. We hope to be able to inform you of our experience.

However, this is not all. There are perhaps other dangers which we would like you to consider: what would happen if the news-men's unions, affiliated to the large centralized union organizations, exercised more influence than they do, for example, in the news services? What could happen, from the point of view of the quality of news? I believe these two points strengthen our argument.

Now, I would like to ask Mr. Gauthier, Director of Personnel, to comment on how the problem exists at our newspaper and how it exists elsewhere.

**Mr. Jean-Robert Gauthier, Director of Personnel and Labour Relations:** Mr. Chairman, first of all, the trade union role in the production of information at *La Presse* has to be defined.

Let us point out first a fact which is important: union certification is obviously given to the union, which obliges the two parties to negotiate a collective work agreement.

Secondly, there is the collective agreement itself, and this basic collective agreement covers journalists, in collective agreements in North America. The provisions we find in them are not those which cover only hours of work, salaries and things we usually find in collective agreements; we can find many other items in them. There are several chapters in the provisions on the advantages covering professional operators. They indicate and establish clearly that the union plays a very big role at all stages of a journalist's professional life, with respect to his career with *La Presse*. The union is present, at the start, when he is hired; it is present at promotion time; it must participate, to some extent, in the drawing up of posters, subject to holding back the facts given. It participates in a host of other things in the collective agreement, which are mentioned in the document which we are filing, with your permission, Mr. Chairman, to show the role of unions among journalists at *La Presse*.

It is therefore present at the time of hiring, at promotion time and it is also present when trades are discussed at *La Presse*. For example, there is a series of clauses, which I am not going to read, which concern details concerning advertising and so on. Let us say that

our collective agreement is a rather unique one in this sense.

There is another point that should be mentioned. The provisions concerning the structure within the information service—the new structure which was drawn up scarcely a year ago—had the effect of de-centralizing responsibilities, while still ensuring integrated management. I will explain: we set up divisions, which correspond to areas of interest, from the news standpoint; we also set up sections, for example, on miscellaneous facts, urban affairs, etc., we decentralized the information service but obviously there was integrated management. So, obviously, this structure permits the union to play a very big role, because the cadres are unionized, except for the director of information and his immediate assistants. All division chiefs and section heads, are unionized and, being unionized, can and actually do, perform union duties, and it could happen, that the head of a section, or of a division, is president of the union. As a matter of fact, I notice that we have a division head who is president of the Montreal Union.

The fact that the cadres—some of the members of the cadre—are unionized, and this almost total membership indicates the role that unions can play in the production of information at *La Presse*.

Another point, the group of journalists at *La Presse* constitutes a section of a union—a union which includes several other employees, of other Montreal newspapers, for example, *Le Devoir*, *La Patrie*, *Montréal-Matin*, etc. which are unionized. A large part of our journalists are members of professional journalists, unions which also include journalists from other newspapers.

Obviously, the unions exist primarily with a view to establishing their collective bargaining policy, to establish models of collective agreements and to establish bargaining strategy.

The Montreal Journalists' Union is also affiliated with a professional federation which brings people of the same sector together, namely printing. In certain federations, you are going to find not only Montreal journalists but those throughout the Province of Quebec, in all the firms that have been unionized. In the document that we are going to file, you will find a complete list of all the unions that are members of that federation.

The second aspect, the Journalists Union is a member of a professional union which has



as its main reason for existence the establishment of policies from the professional standpoint. For example, the collective agreement standpoint, it is to ensure the defence of the professional interests of a group of people who practise the same trade. The Journalists Union is also affiliated with the Central Council of a group whose union is affiliated with the C.N.T.U. whose president is Mr. Michel Chartrand. Therefore, the Journalists Union is affiliated with the Montreal Central Council and we are going to find there not only journalists but also other workers, a group of workers from a number of businesses.

What is the Central Council? It is an association of unions affiliated with the C.N.T.U., but affiliated unions, of very different sectors. It is compulsory for Montreal journalists unions.

When our people are affiliated with unions, all national unions which include some hundred thousand members, or which include some fifteen federations, some twenty central councils, it is a national union movement, and from that moment on, journalists are also members of the C.N.T.U., namely, of the National Confederation of Unions.

If we examine union constitutions, if we first examine the constitution of Montreal journalists unions, that of the Central Council, that of the Printers Federation, that of the Confederation of National Unions, we are going to be able to establish clearly the link between the various organizations. For example, in the Confederation of National Unions, there is a declaration of principles. The Montreal Central Council has certain powers; the Federation also has certain powers. All these organizations are endowed with a certain number of powers in the union field, therefore, in their policy, with certain nuances with respect to each organization. But from that moment on, our journalists are members of all those organizations.

Therefore, I think that, consequently, there are two very definite roles: the unionized journalists, through the collective agreement, and their union apparatus at *La Presse* play a role in the production of information because the unionized bodies, the Montreal section of the Journalists Union suggests to its members. The union is going to say: "It is your obligation to be a member of the Journalists Union". Other members of the unions would be subject to the constitution. There is a conditional matter—they must obey the directives from the union. Such clauses could be set up, which would establish that link.

Therefore, there is the union apparatus in *La Presse*; there is the union apparatus generally which includes all workers and journalists obviously participate, through their union apparatus, in the production of information at *La Presse*.

Now, we know all that in any union environment, like among us for instance—at the management level, we question the nature, the form that that is going to take in the future. Are we headed towards a new type of professional organization? We are asking ourselves questions, also, at the management level, as at the union level. There are questions, there is uncertainty on that side.

A collective agreement guarantees, through its provisions, freedom of information. But to what point can we count on going in that respect? Must the collective agreement be the document which will always solve these problems, or is there not a joint effort, which should be undertaken in order to rethink the professional organization?

It is certain that the owners and their representatives have responsibilities. It is certain that journalists also have responsibilities. I understand that there is a community of interests, and both parties must, in the collective agreement that we are attempting to develop, take into account the rights and obligations of both. There are some dangers that are apparent to everyone, some dangers which your Committee ought perhaps to examine from the standpoint of the trade union constitutions.

The fact still remains that the purpose of our conventions is to invite participation and, in *La Presse*, on account of the machinery we have, the role of the journalists and the affiliation, there are grounds for forging ahead with the study and seeing how the journalists will be called upon to relearn their parts in the future.

**Mr. Fortier:** You have filed a copy of the document, your collective agreement?

**Mr. Gauthier:** Yes, and of the union conditions and a mass of other relevant documents.

**Mr. Fortier:** To what extent has this new policy, which has just been described by Mr. Gauthier, been imposed on you by the journalists, and to what extent is it the outcome of a formula conceived by you and your colleagues?

**Mr. Bureau:** Considering that it is my responsibility in a rather indirect way, I shall answer your question, if you like.

The aspects Mr. Gauthier has just explained to you has been the contribution of the journalists to the making of the newspaper. But how are they going to fit in with the norms of a collective agreement—that is to say, what goes on the management side and what goes on the trade union side? It is always difficult to recall the originator of such and such a word or such and such a sentence, or of a particular paragraph. It is, therefore, the outcome of a general agreement. However, what we want to emphasize is—not that we consider the newspapers generally to be controlled by syndicates of journalists and union combines to contradict those who shall have authority over the journalists themselves—to what extent can these combines impose directives on newspaper employees, which we would be obliged to respect as part of certain collective agreements, and to what extent can that affect the public—some honest and objective information which is going to tell how the problem stood, in *La Presse*, and we invite you to reflect further with respect to the structures with other newspapers.

**Mr. Fortier:** The problem of jurisdiction regarding these numerous employees engaged in the trades, as you were saying, Mr. Dansereau, is being changed by the technological developments. Is that creating a problem for you?

**Mr. Bureau:** That is creating an overall problem for us.

**Mr. Fortier:** How are you tackling it?

**Mr. Bureau:** Over the past 10 years, there have been considerable technological changes in the production of a daily newspaper and in the production of printed matter, and the syndical structures of the large trade unions are absolutely sealed off, each by itself, and in certain instances. There has even been a splitting up of these large union combines so as to make certain areas more sensitive—areas which give rise to the following problem: when a new machine arrives, since the same machine can be used by the photo-engravers, the employees in typography and the employees in the type-setting workshops, who would have jurisdiction over that apparatus? We have reached a point where we are wondering whether we should acquire this equipment and, in the last bargaining session, we had to agree that if we wanted those machines—we didn't have any but we knew they existed—and if we did buy them, a request would be made for them to be

altered, especially for us, so that a particular category of employees could work on them, and no other. When this point has been reached, it is as well to stop there. In conclusion, we suggest that your Committee study this problem more thoroughly. We have produced a file in which the experience of *La Presse* is recounted for you and which we shall place at your disposal.

**Mr. Fortier:** It isn't the same one?

**Mr. Bureau:** It is another file.

**Mr. Fortier:** It would be of interest to the members of the Committee.

**Mr. Bureau:** It examines the typography employees, the typesetting services, the photo-engravers, the pressmen, the computers—you are going to see, when we buy a new machine, just how difficult a problem we have to know where we are going to set it up.

In addition to that, we are thinking of installing some computers in our firm, so each branch of the union—and there are 11 of them in our firm—and each of the branches wants to have jurisdiction over the part of the work to be done by the computer and which that branch used to do before, and when you do a job, and face the risks of 11 full-time union representatives, in the aspect consigned to our computer, for what is a task which may perhaps last only a quarter of an hour or half an hour—well, up to today, we have managed to find compromise formulas. But we regard the approach of the forthcoming negotiations with some degree of apprehension, because we are wondering whether the international organizations are going to be capable of envisaging the necessary technological changes.

**Mr. Bureau:** We're wondering whether we want to survive or progress, and whether they are going to make the efforts that we ourselves are making at the investment level and at the research level, whether they, for their part, are going to make those efforts so as to render their jurisdiction more flexible, and perhaps even so as to consider an alliance of large trade associations—between the typographers and perhaps the photo-engravers, or between the photo-engravers and other groups—so that really we will not be obliged to have two individuals to do the same work. Just one of the two, say, would be enough—the one with the most ability.

**Mr. Fortier:** The International Typographical Union presented us with a brief last



week, which you have perhaps read, telling us that, in Colorado Springs, they were, as a matter of fact, attempting to train not only the Union members, but also the newspaper proprietors.

**Mr. Bureau:** They are doing so, and we have to give them credit in that respect. The large international unions, in particular, are doing excellent work in training the personnel of our companies at the present time, and are helping us considerably from that standpoint. We ourselves are doing a fairly substantial amount of training work. For instance, last year, four hundred out of our twelve hundred employees followed training courses. That is quite a significant achievement by way of retraining. All the same, the fact remains that, outside of that work, what they are doing in Colorado Springs is training people who are going to practise the trade of typographer, whereas perhaps it should be the photo-engravers that are invited to those things, and the typographers themselves should allow the photo-engravers to do a part of their work—and that is where the problem arises, and that is why we have prepared a file which we mean to hand over to you so that you may study it.

**Mr. Fortier:** We are going to leave the unions, and we are going to drop the subject of trade unions for the time being.

I have just two or three more questions. On page 5 of your brief, in the righthand column, under the heading "The Respect of the Community's Conscience," you say: "*La Presse* respects its readers, individually and collectively. This respect, it expresses through the implementation of professional standards of journalism, by mentioning the sources of its information..." That is one of the policies of "*La Presse*", is it not, to indicate the source of your news material?

**Mr. Bureau:** Perhaps Mr. Lafrance could give a more complete answer.

**Mr. Lafrance:** Yes. That means, for instance, that the despatches with originate with our press services are presented as such. The press releases are presented as such. We say, for example, that a particular press release comes to us from a particular organization; I think it is a way of informing the reader so he knows what the position is. For example, the reader can form an opinion by seeing that it is not a news item that comes directly from one of our reporters, for instance.

**Mr. Fortier:** If it is a news item or article that comes to you directly from one of your reporters, do you give his name?

**Mr. Lafrance:** If the information comes to us from one of our reporters, yes. As a general rule, news articles written by our reporters are signed, provided, of course, that the material shows some trace of originality. That is to say, for instance, if a journalist does nothing more than report someone's comments, and if he makes no personal contribution to the article, then, it is not necessary for him to put his signature to it. It is evident that it is work done by a journalist and that it is not, for example, a press release or a despatch from a press agency.

**Mr. Fortier:** I have here—taken from "*La Presse*" for Monday, February 16, at a time when André Bureau was on leave, as he said just now—an article headed by a full-page headline to the effect that the letters written to Ross GilPatrick had destroyed Jackie's image.

It is an article which commences on the front page and is afterwards continued on page 6, and I confess to you that no English-language newspaper contained such a wealth of information as I read in that article. It was a real scoop, in my opinion, and I have been looking since the 16th, but I have not come across it again in any other newspaper, either in French or in English.

**Mr. Bureau:** That was not a surprise to you, coming from "*La Presse*".

**Mr. Fortier:** That story was a scoop—no. But to see that the article was not ascribed to anyone that, did surprise me.

**Mr. Lafrance:** That is the early edition, and unfortunately the author's signature has been left out.

**Mr. Fortier:** Is it a mistake?

**Mr. Lafrance:** Somewhere along the way, we did ascribe that story to the author. It is an article by Louis Winitzer, our New York correspondent.

**Mr. Fortier:** Is it an original article by your New York correspondent?

**Mr. Lafrance:** Yes, and has not been refuted until now.

**Mr. Fortier:** No, no.

**Mr. Bureau:** If I may say something strictly on the technical side: the titles are usually



done on one linotype machine and the body on another. It can even happen that the signature is done on a third machine, which explains why we are sometimes forced to make corrections.

**Mr. Fortier:** I find that very curious because, as I told you, at first, it's an article that caught my attention.

[Text]

**The Chairman:** I wanted to ask a somewhat similar question and I shall put it to Mr. Lafrance. Did you see the column which Ron Haggart wrote in *The Telegram* last Friday? I would like to draw it to your attention and have you comment on it. The column is entitled "When Peanuts goes bicultural". It says:

In Montreal, the comic strip Peanuts runs in *The Gazette* and also in *La Presse*, which undertakes to do the French translation itself, often with interesting results. Earlier this month, for example, *Gazette* readers (as well as *Telegram* readers in Toronto) were offered this little joke about Lincoln's birthday:

There is an English version of Peanuts and you can look at it with me. "Do you want to hear my report on Abraham Lincoln?" The French version is: "Veux-tu écouter ma composition sur Maurice Duplessis?"

Similarly, on another panel, which is I gather within the last year and it starts off: "You've been telling everyone that I lied to my teacher haven't you? Don't you know that psychologists say children don't always know that they're lying? To an innocent child like me, if the lie works, it isn't a lie! What do you think of that?" He screams out, "George Washington!!" In the version of *La Presse* he screams out, "Mackenzie King!"

**Mr. Bureau:** I think we should always leave it in French myself.

**Mr. Lafrance:** It is a matter of adaptation and translation. It is a problem that the translator thought that the joke would be better with Duplessis and that it would ring a bell.

**The Chairman:** Are those translations checked with the cartoonist in question?

**Mr. Lafrance:** No.

**The Chairman:** Not at all? Do you translate all comic strips you get, or many of them?

**Mr. Lafrance:** About half of our comic strips are...

**The Chairman:** French? Half are English translated?

**Mr. Lafrance:** Yes.

**The Chairman:** I wonder if I could subscribe to *La Presse* and start to read them.

**Mr. Bureau:** You will have to pay a very high sum because of postal rates.

**Senator Prowse:** I think I have laughed harder at Peanuts today than I ever have.

**Mr. Fortier:** Whose name shall the *Montreal Gazette* substitute?

**The Chairman:** I told one of the Senators at noon, who shall remain nameless, that I was going to ask this question. He thought it was a pretty good idea and that the English papers should do the same thing. It is an interesting question.

Could I just put one other question to Mr. Dansereau since, I think, you are in a position to know. You are a director of CP, are you not?

**Mr. Dansereau:** I am one now.

**The Chairman:** The question that I wish to ask you is: Did you hear Mr. Pélodeau's contention today?

**Mr. Dansereau:** I heard about it.

**The Chairman:** Would that be true—that it would have cost \$136,000 in 1964?

**Mr. Dansereau:** It could be true, yes, but this is abolished now.

**The Chairman:** He made that clear. There is no entry now at all?

**Mr. Dansereau:** No.

**The Chairman:** Anybody could start a newspaper and get the service anywhere?

**Mr. Fortier:** Excuse me, Mr. Chairman. Was it abolished?

[Translation]

**Mr. Fortier:** Was it abolished because of the incident at *Le Journal de Montréal* or...

**Mr. Dansereau:** No, I don't think so.

**Mr. Fortier:** To your knowledge, Mr. Dansereau?

**Mr. Dansereau:** It's mainly to promote the admission of others, because of the increase.

**Mr. Fortier:** To your knowledge, have similar problems been encountered by any English newspapers?

**Mr. Dansereau:** Yes, in the West, in British Columbia; I don't know which one.

**Mr. Fortier:** You're not talking about the "Vancouver Times", because...

**Mr. Dansereau:** No, in Nelson, in that area.

**Mr. Bureau:** It would perhaps, however, be interesting to note that the by-laws of the Canadian Press don't provide for entrance fees for some papers that there were at the beginning; they are small papers. They do provide, however, for a surtax to be paid by the bigger ones, so that small papers in the same city can get Canadian Press, and that's how it is that we pay so that "*Le Devoir*" can get Canadian Press and *Le Soleil* pays so that "*L'Action*" can receive the Canadian Press.

[Text]

**The Chairman:** Mr. Dansereau, would you comment on your own personal opinion of the way in which Quebec events are covered by the press and the rest of Canada? I am sure that you are familiar with the dailies in the rest of the country.

**Mr. Dansereau:** I think that Mr. Lafrance might be able to answer that better than I could.

**Mr. Lafrance:** I think that *La Presse* gives a pretty good coverage.

**The Chairman:** I am asking you to comment on the coverage in the rest of the country and of what is happening in Quebec.

**Mr. Lafrance:** Well, for me it is a question that I do not like to answer precisely, because I know many of the correspondents of the Canadian papers from other provinces, as well as in Montreal and Quebec City. I would say that the largest ones are trying, especially during the last few years, to give better coverage than they did before, but I think that sometimes they are more interested in coverage of the explosion of violence than covering what we do in Quebec and about which they could inform their readers.

**The Chairman:** Let me put the question which you began to answer. *La Presse* has how many correspondents in Ottawa in the Press Gallery?

**Mr. Lafrance:** Three, but on major events we reinforce our staff in Ottawa. We send

correspondents from our Quebec office or from our Montreal news room.

**The Chairman:** How many correspondents do you have in the rest of Canada, that is, outside of Quebec and Ottawa?

**Mr. Lafrance:** We do not have correspondents outside our Ottawa bureau, but we cover through CP and through roving reporters when there are events that we think we should cover more than through CP service.

**The Chairman:** For example, this afternoon I believe is the opening of the Legislature in Toronto. Would you have anyone covering that or just CP?

**Mr. Lafrance:** Just CP.

**Mr. Fortier:** They are opening the Legislature in Quebec City as well.

**The Chairman:** I was going to come to that. I think it is likely that the three Toronto newspapers will have correspondents covering the opening of the Legislature in Quebec. I think we could be almost certain from the comments which have been made here at our hearings from the publishers of those newspapers. Do you not think that you could provide a better service to your readers if, for example, you had someone covering the opening of the Legislature in Toronto? Let's put the question another way, are you perfectly satisfied that CP is filling your needs?

**Mr. Lafrance:** Let's say that we hope that in a few years we will have correspondents across Canada. We are studying now the possibility of opening an office in Toronto. If there would be an important debate at Queen's Park we would send somebody, but this year we are precisely studying what we can do to better our Canadian coverage and, as I said, this idea of opening a bureau in Toronto is considered.

**The Chairman:** I only have one other question. I will ask it and then turn to the Senators. Mr. Dansereau, the first point in your brief is that you say that *La Presse* is dedicated, among other things, to "moral progress". What is moral progress? If you said moral and economic progress I could understand that, but what exactly is moral progress in the Montreal area?

**Mr. Bureau:** We have had in *La Presse* for 80 years some people saying that our founder, Mr. Berthiaume, was saying that *La Presse* was made up of Catholic groups. We feel that

we have a broader view about these subjects, such as religion and the like. We felt that "moral" was more adequate right now than "Catholic".

[Translation]

**Mr. Dansereau:** If I may continue in French...

[Text]

**The Chairman:** Yes, go ahead.

[Translation]

**Mr. Dansereau:** Because I think that it takes a bit of religious subtlety. When they say that we have devoted ourselves to moral development or the development of society in the Metropolitan region of Montreal, we consider that one of the factors in the normal development of a society is the moral conditions prevailing in it. That's why we are interested in the moral aspect of what happens in our society and why we think that we are devoted to this moral development.

[Text]

**The Chairman:** Yes. But how do you relate that to the so-called permissive morality that is becoming more in vogue in Toronto, Montreal and elsewhere?

[Translation]

**Mr. Dansereau:** I would say that we are trying to live in our century, to make a contribution to our readers that is morally enriching, just as it can be enriching from the points of view of economic and financial information. We do not side with the Catholic Church against the atheists or anything like that. We respect the beliefs of our readers in the Montreal metropolitan region and we try to give them information from that point of view.

[Text]

**The Chairman:** Do you take an attitude towards drugs, for example?

**Mr. Bureau:** Personally?

**The Chairman:** Does *La Presse*?

[Translation]

**Mr. Dansereau:** *La Presse* has not had to speak out at this time as did some Toronto papers after analyses or studies, recently by their journalists from the point of view of information.

I don't think we have had a chance to do that until today, from that point of view. Now, we have informed our readers about

what might be experienced in that area, the dangers that were involved, and the effects it involved for society—and all this without any crusade against the use of drugs or anything like that. We limited ourselves to adequately informing our readers of the possible dangers. Is that right, Mr. Lafrance?

**Mr. Lafrance:** Yes. I would quite simply add that besides current information, we made an investigation, about a year ago, of the drug problem in Montreal. We did a series on the drug problem in the schools.

[Text]

**The Chairman:** Senator Beaubien had a question.

[Translation]

**Senator Beaubien:** Mr. Dansereau, you mentioned the increases we've recently had in postal rates, here and in the United States. Are you able to compare the two? Are the rates higher here than in the United States?

**Mr. Bureau:** Oh, yes! for second class mail.

**Senator Beaubien:** A lot?

**Mr. Bureau:** A lot higher.

**Senator Beaubien:** It seems to me that would be worth while having.

**Mr. Bureau:** I can send you a copy. When the Postmaster General announced his plan to raise postal rates for second class mail, the company that has most of the dailies in Quebec, as a matter of fact 11 of the 14 dailies in Quebec, appeared before him and put forward a number of arguments, and we mentioned to him, among other things, that in the United States, in the period, I think, of a year, they raised the postal rate for second class mail by a cent a pound.

**Senator Beaubien:** You say it's an increase; What was it?

**Mr. Bureau:** They went from three to five cents in three years. We went to five cents the first year and then there were two more increases after that. So that at the present time (I wouldn't want to quote figures but we've had two successive increase in the space of fourteen months and since that time) it puts us well ahead of the United States from that point of view.

**Senator Beaubien:** Now, newspapers are second class in the United States, and here?

**Mr. Bureau:** Yes.

**Senator Beaubien:** Which compares with...



**Mr. Bureau:** Yes, now what we'd like to point out is not that we don't want to pay our part of the transportation costs, but that we dailies pay 81 per cent of what the Postmaster General has estimated to be the cost of transporting newspapers, while the *Reader's Digest*, *Time* and other magazines of that kind pay 28, 29 and 30 per cent and we do not consider that to be justified. We think it's truly discriminatory. It even discriminates against other Canadian magazines, which also pay 39 per cent, while we pay 81 per cent. So we say, if the postal service considers that it should treat everybody equitably, well then, let us pay our share of the costs like everybody else. But it should be considered that we dailies provide continuous work; not on peak days, once a week or once a month, but continuous work. In commercial business, you know what it means to have a cushion production; it makes it possible to spread costs. When the Post Office Department says that it gives the dailies very large subsidies, we would be very interested in being able to examine such figures so as to see just how much we get out of the subsidies he mentions.

[Text]

**The Chairman:** Supplementary, Mr. Fortier?

[Translation]

**Mr. Fortier:** If we accept your figures, Mr. Bureau, we can understand that the government is subsidizing up to 19 per cent of that portion of your paper that is distributed by mail. Is that right?

**Mr. Bureau:** Yes, if you take the Department's figures.

**Mr. Fortier:** 81 per cent compared to 31 per cent?

**Mr. Bureau:** That's right, yes.

**Mr. Fortier:** Do you recommend that periodicals and magazines as well as dailies should themselves pay the actual cost of their mailings? Should the government continue to subsidize mailings equally?

**Mr. Bureau:** The Quebec dailies have studied the document prepared by a Toronto research company for the Post Office Department on reorganization of the Post Office Department, and we saw what the plans of the Department were concerning the distribution of the costs of second class mail. It's a fairly fantastic rate hike to look forward to. We were surprised just the same to see that

in the Post Office Department's plans there was no change in this distribution between daily papers and magazines or periodicals. Nowhere in that document do we see any justification for maintaining that division, absolutely different and out of proportion, of costs between the two groups of publications. For our part, at *La Presse*, we are not terribly affected because our business is big enough for us to be able to provide home delivery service in several parts of the province.

**Mr. Fortier:** How many subscribers have you lost?

**Mr. Bureau:** We have the figures here; I can give them to you—we have lost four thousand mail subscribers.

**Mr. Fortier:** Out of how many?

**Mr. Bureau:** Out of six thousand five hundred.

**Mr. Fortier:** You have lost two thirds of your subscribers?

**Mr. Bureau:** Yes. Of course, that's not many, compared to our considerable circulation, but if we look at some other newspapers, it's much more dangerous. You have papers that have lost percentages of 32 and 33 per cent like us, and you have others that have lost from 50 to 60 per cent of their mail circulation. When we mention smaller papers, it can be much more dangerous. For example, *Le Soleil* has lost 75.3 per cent of its mail circulation and they had a mail circulation of 30,000. It's the beginning of a pretty big hole in the circulation when such a large number of readers are deprived of their newspaper.

**Mr. Fortier:** Excuse me, I must interrupt. I'm returning to my question: should the government subsidize the mailing of dailies and periodicals?

**Mr. Bureau:** I don't think that's the formula. The postal service is a national service and I don't think we can go back on that; we should consider that all the people in every corner of the country should be given the chance to communicate and that is probably one of the responsibilities of the central government. There's no doubt about it. But at what price? That's when the bargaining starts; whether we should carry 80 per cent or 90 per cent of the costs. You know we'd be quite ready to pay a hundred per cent if the government had a more liberal attitude with respect to some of its advertising expendi-

tures and some newspapers. I'm not talking about *La Presse*, where we're not so hard hit by the hike in postal rates; I'm talking about smaller papers, and since I'm the secretary of the Association of Quebec dailies, I know of a lot of problems like that. I'm thinking of some newspapers that don't get any government advertising, and I think that we ourselves aren't getting the share we should get, when you consider the millions spent with the CBC for advertising by enterprises connected with the federal government. If we had those millions distributed among all the newspapers, we might perhaps be able to pay the whole tab for postal service. That's the time perhaps when we should have the negotiations we'd like to have with the Post Office Department—with the federal government.

**Mr. Fortier:** Could you comment on your answer, i.e. whether you think this competition you're getting from the CBC in terms of government advertising is unfair?

**Mr. Bureau:** Well, I prefer the term used by my president a little while ago, an imbalance among the different media. I really think a recommendation should seriously be made to the government and that that would help quite a bit in avoiding problems like the ones we're having with finances; in any case it's the people who end up paying.

**Mr. Fortier:** If the CBC...

[Text]

**The Chairman:** I do not want to interrupt this interesting discussion, but I think the point has been made earlier, in the brief. It is ten minutes to five and we have another brief to receive. I know that Senator Prowse has some questions for this witness, so I will ask him to proceed.

**Senator Prowse:** The first question I would like to ask is in connection with this statement:

In July 1967, Trans-Canada Corporation Fund bought all the shares of *La Presse* with the assent of the Quebec Legislature.

What is the significance of that statement?

[Translation]

**Mr. Bureau:** With your permission I'll speak in French. .

**The Chairman:** Yes, of course.

**Mr. Bureau:** *La Presse* had to get approval of the sale of its shares through action by the provincial government in order to settle a problem that arose from the wills of the former owners of *La Presse* which made it impossible to sell *La Presse* without government approval. It's because of the wills of the former owners of *La Presse* that the new owners had to ask for governmental approval to buy *La Presse*. Does that answer your question?

[Text]

**Senator Prowse:** That is what I wondered, and that also answers my second question. When that was done all subsequent sales were not of any concern...

**Mr. Bureau:** They have to approve.

**Senator Prowse:** This was just to set aside the provisions of a will?

**Mr. Bureau:** No, we still have to ask permission of the Government.

**Senator Prowse:** On reading this through, and not knowing what it was, I thought there was some reason why you had to get consent to sell, and then I saw that, paragraph 5 on page 2, of the Gelco Enterprises Ltd. brief states:

In February 1968, Gelco and Gesca Limitée, its wholly-owned subsidiary, purchased from Trans-Canada Corporation Fund all the preferred shares and common shares respectively of *Journaux Trans-Canada Limitée* and *La Presse* held by Trans-Canada Corporation Fund.

**Mr. Desmarais:** May Mr. Deschênes answer that, Mr. Chairman?

**The Chairman:** By all means.

**Mr. Deschênes:** It so happens that I have with me here the text of the act which was approved in 1967. There are two sections of that act that are of concern in respect of this matter. Section 2 is the one that provides for the approval of the transaction in 1967 when Trans-Canada Corporation Fund actually bought the shares from the estate. It was provided at the time—and I am quoting from section 2:

Notwithstanding the provisions of section 5 of the act 9-10 Elizabeth II, Chapter 175, the trustees of the will and of the fiduciary gift are authorized to sell to Trans-Canada Corporation Fund all the

common and preferred shares of the company, provided that the effective control...

Those words "effective control" are the important words.

...of Trans-Canada Corporation Fund has not changed between the first of May 1967 and the date on which the said sale is completed.

Then we move over to the next section, which is the one that concerns your question, Senator Prowse. Section 3 provides:

After the sale authorized by the above section 2, no sale, assignment, transfer or pledge:

(a) of rights or of any number of shares of any company, the object or result of which would be to change the control of La Compagnie de Publication de La Presse, Limitée; or

(b) of a substantial part of the assets of the company, except radio station C.K.A.C. and the newspaper *La Patrie*, may be validly made or agreed to, except with the authorization of the Legislature.

So, the important point in these two sections is that at first the Legislature said it wanted to be sure that when this transaction to Trans-Canada Corporation Fund was completed, the effective control—to use the words of the act—of Trans-Canada Corporation Fund would be the same as it was then. The Legislature then said that any further sale has to be approved if it has the result of changing the control of La Compagnie de Publication de La Presse, Limitée.

What actually happened, in fact, is that in 1968, Trans-Canada Corporation Fund, which was controlled at the time of the first sale by Mr. Paul Desmarais—and that evidence was adduced and made before the committee of the Legislature—sold the shares of La Presse to Gelco and Gesca, Gesca being a wholly-owned subsidiary of Gelco. Gelco bought the preferred shares, and Gesca bought the common shares. Those two companies were completely under the effective control of Mr. Desmarais. So, effective control did not change during the transaction. The corporate facade was changed, but the effective control was not changed.

Perhaps I might be allowed to say one word on this. The whole matter was examined at the time of the transaction, and a legal opinion was obtained—not from me, incidentally—which was to the effect that the transac-

tion fell within all four corners of the provisions of the Act. When this question was raised before a committee of the provincial Legislature about six or seven months ago, we were appearing at the time before those members who had actually voted for this very act in 1967. Perhaps I might be allowed to quote four or five lines from the debates which contain an opinion which was put forward at that time by no one else but the Honourable Jean Lesage. I am quoting from the debates of June 11, 1969, page 2887, where Mr. Lesage confirms what I am telling this Committee in these words—he was addressing himself to me, and he said:

[Translation]

(Mr. Deschênes): "The explanation you have just given us proves, as you said, that the letter and spirit of section 3 were observed. I took part in the debate at the time of the study of this bill which permitted the sale of *La Presse* to Mr. Desmarais's interests. The intention was that Mr. Desmarais cannot give up control, particularly of the newspaper *La Presse*, without coming before the Legislature again. It's clear that he has such control. In whatever way he has it, the intention of the law was that he cannot give up control. He has kept it and still has it."

[Text]

So, the Legislature was satisfied that the Act had been complied with.

**Senator Prowse:** So the situation is that the actual sales here were considered as house-keeping arrangements by Mr. Desmarais?

**Mr. Deschênes:** Yes, indeed, sir.

**Senator Prowse:** If Gelco now decides to sell the shares to someone else, you would have to go back to the Legislature for approval?

**Mr. Deschênes:** Yes.

**Senator Prowse:** In other words, the effective ownership, or the beneficial ownership, of *La Presse* cannot be changed without the consent of the Legislature?

**Mr. Deschênes:** That is right.

**Senator Prowse:** Thank you very much. The next question I want to ask was asked earlier, and Mr. Desmarais felt that it should be answered by someone else, and perhaps it should be answered by you. What particular



changes resulted in the management and operation of *La Presse* as a result of the acquisition of its beneficial ownership by Mr. Desmarais, or the various companies with which he is associated?

[Translation]

**Mr. Bureau:** This transaction had several effects and they should be described. I'm going to try to do so briefly. I was not familiar with the situation as it existed before, but the one they brought about is the one that exists now. Until Mr. Desmarais became president of *La Presse*, there was a president who was not a full-time president; Mr. Chartré, who is now Chairman of the Board of Directors, had other duties, and also looked after *La Presse*. To assist him there was a Vice-President who looked after advertising sales, newspaper sales and promotion, and besides him there was the Editor-in-chief. They were, in turn, Mr. Jean-Louis Gagnon and Mr. Gérard Pelletier. The years rolled by after that, from 1960 to 1967; there were some strikes at *La Presse* with some pretty big and resounding work stoppages. When *La Presse* was bought, there was a complete change in the management of *La Presse*, and in the structures and personalities. We now have a truly full-time president, Mr. Dansereau, who is with us, and who has experience, as you have seen, in ownership, as the owner of a daily in Three Rivers. We have the position of executive vice-president, occupied by Mr. Parisien (which was held by myself until he came to *La Presse*), and there is a division of responsibilities between those two positions. So there is an almost complete reorganization of structures.

On page 4 of our brief, you have the different divisions coming under the president, editorial, advisory and public communications. The other divisions come under my position. We have a better structural organization.

There were also some substantial changes in the management of those divisions. At the present time, all the division managers, except one, are new managers since the purchase of the newspaper by Mr. Parisien and Mr. Desmarais.

In each of these divisions, a study was made of its operation, the incumbent staff, the number of persons there should be, and then of the objectives to be attained. We reorganized most of the divisions; we haven't finished the job, but we have reorganized most of the divisions, so as to attain our objectives, which

were pretty vague, before. There wasn't even a budget before, at *La Presse*. There was the year-end balance sheet, and that is what we went by for the following year.

We had to make an administrative reorganization from that point of view. There was no adequate personnel policy, or editorial policy, or information policy so we had to make one, to enact one, to draw one up. Until then, decisions were made at the level of the president or vice-president. Today, decisions are made, of course, at that level, but most decisions concerning management are made collectively, with all the division managers sitting together with the president, vice-president and executive vice-president. Such was the internal reorganization.

As for financing, we now have means of financing that we didn't have before, that *La Presse* didn't have—and at one time we even contemplated selling the paper, because there was a lack of funds.

Today, we have the advantage of easier financing, and I think that's essential to the survival of a business.

I'm stressing personnel a bit because I was present at one of the first meetings of your Committee, and this remark was made by another editor of a Montreal daily, about the treatment to which *La Presse* was subjecting its staff. I must point out that the *La Presse* firm, as soon as it was bought by Mr. Parisien and Mr. Desmarais, went about setting up a group program for its employees with life insurance and a pension fund, which had never before existed at *La Presse*, I think that in personnel, organization and financing, we have advantages that even those who were there at that time didn't have and that we have now, thanks to that transaction. Conditions were perhaps such, previously, that they couldn't have them with the former owners. I don't want to discredit them in any way because I don't know what situation they were in. However, we have conditions that didn't exist at that time.

The personnel manager may perhaps have some things to add on that subject.

**Mr. Gauthier:** I could add one important thing about the staff. I knew the staff of *La Presse* well before I became personnel manager.

Before, under the former administration, there was deep anxiety among the employees of *La Presse* about their job security, their future, because they felt that they were in an enterprise that required a rejuvenation of

staff, equipment, and so on. So there was plenty of anxiety. With the arrival of a new administration, there was a period of adjustment. However, this period of adjustment quickly passed. A collective agreement was signed, without a strike. A whole group welfare program was set up, that I'd like to table, with the Chairman's permission, that we are submitting in its entirety, and which has the effect of stabilizing all the basic fringe benefits. I don't want to enter into the details, of the pension fund, which has enabled us to settle a very big problem. There was a labor surplus at *La Presse*, because of poor organization on several levels, and poor equipment because of technical and technological change. Therefore, there was a labour surplus, and we were able to settle this problem in a unique way, by early retirement, and some persons 55 years and over received eight times as much as they would have received under the former pension plan, if they had remained with *La Presse* until the age of 65. So that shows the scope of the pension fund.

With the co-operation of both governments, there were training and refresher programs for the staff. These programs had the effect of bringing greater job security.

Today, the employees of *La Presse* are happier that they work in that kind of climate, because they are dealing with a firm that has dynamic management, which we think necessary to cope with the new technical and technological challenges. That's the kind of contribution the firm wants to make in personnel matters.

[Text]

**Senator Prowse:** Was there any injection of new capital, or was it just that there was now the access to credit which you did not have before?

[Translation]

**Mr. Bureau:** There was, in fact, been a very substantial injection of capital for some years. I don't have the figures here to show the large transfers dealing with equipment, which has expanded, and for three years we have had projects in which everyone is helping, and we are counting on the present owners for their financing.

[Text]

**The Chairman:** Thank you Mr. Bureau. I would like to turn now to the next group of witnesses. The final brief we are going to receive this afternoon is from Les Journaux Trans-Canada Limitée. The President of the

organization is sitting on my immediate right, Mr. Jacques Francœur. Perhaps it would be appropriate if Mr. Francœur were himself to introduce the gentlemen who are with him.

[Translation]

**Mr. Jacques Francœur, President, Les Journaux Trans-Canada Limitée:** Mr. Chairman, we have, from left to right, Mr. Eric Ferrat, Vice-President, research and production, of "Les Journaux Trans-Canada", and also President of the Granby daily, *La Voix de l'Est*. To the left of the Chairman is Mr. Charles D'Amour, President of the Three Rivers paper, *Le Nouvelliste*. To my immediate right, Mr. Yvon Dubé, President of Sherbrooke's, *La Tribune*; Mr. Jean-Guy Faucher, Vice-President, administration and finance, of the "Les Journaux Trans-Canada Limitée"; Mr. Claude LaVergne, Director of Information of the *Dimanche-Matin*, and Vice-President of *La Patrie*. We have also, in the audience, Mr. Laurent Leduc, President of *Le Petit Journal*, *Le Photo-Journal*, and *Dernière-Heure*, and also Mr. William Chabot, Director of Control.

[Text]

**The Chairman:** Thank you very much, Mr. Francœur. In compliance with our request, Mr. Francœur, you forwarded us a brief according to the guidelines we sent to you. That brief has been circulated, read and studied, and we should like you to make an oral statement following which we will ask you questions on your brief, on the statement itself and on any other matters which may be of interest to us.

[Translation]

**Mr. Francœur:** We have tried to present in our brief all the aspects of the Les Journaux Trans-Canada Ltée. likely to interest and enlighten your Committee.

There is certainly room for improvement, and we certainly want to co-operate with the Committee in your work which could result in a better written and audio-visual press.

We are nonetheless convinced that most people have confidence in their newspapers. We of the Les Journaux Trans-Canada are always interested in doing all we can to tighten still more that confidence without which a newspaper cannot live.

I think that, after the statements by the spokesmen for Gelco Enterprises Ltd., and *La Presse*, it would be superfluous for me to drag out this introduction. I think that it would be more useful for everyone if I invited you to



ask questions that can clarify our operations still further.

[Text]

**The Chairman:** Thank you very much. We will now put our questions to you, and, if you wish to field them yourself or prefer to refer them to one of your associates, please do.

[Translation]

**Mr. Fortier:** It is mentioned, Mr. Francœur, that at the age of 16, you made your beginning in journalism, isn't that right?

**Mr. Francœur:** Yes, sir.

**Mr. Fortier:** A regular correspondent at *La Patrie* and *Petit Journal*; it must give you some satisfaction today to be one of the owners of those papers?

**Mr. Francœur:** Satisfaction, well, yes and no. In any case I think they are responsibilities.

**Mr. Fortier:** It's the story of the newsboy who becomes the owner of a newspaper?

**Mr. Francœur:** I might not have had the courage to be a newsboy, on some winter days in any case.

**Mr. Fortier:** What the Committee would like to hear from a professional who has gone through *La Patrie*, the *Montreal Star*, the *Ottawa Journal*, and the *Montreal Gazette*, is a summary, a survey of the written press in Quebec—what it has been, what it is today, and what it should be.

**Mr. Francœur:** That's a big order. First, a survey...

**Mr. Fortier:** I know your talents.

**Mr. Francœur:** Well, as for making a survey, at the time I belonged to the editorial staffs of the papers you mentioned; that was a good 20 or 25 years ago, and the situation as I knew it then in those papers is far from being what it is today. If you ask me about the situation at the *Ottawa Journal* today, well, then I haven't been in that building for 25 years. However it's obvious that newspapers and newspapermen have changed for the better.

I think that newspapers cover (I don't know whether I may use that expression) devote much more to the current scene than they did 25 years ago, despite all their good will, and it is obvious that with all the facilities of

every kind in all areas, newspapers have improved.

The quality of newspapermen has also improved enormously along with wages, so that today, whereas 25 years ago (before that, it was often said that journalism was a haven for lawyers who had not been admitted to the Bar), today, the wages that are being paid, the working conditions and protection of all kinds that journalists have, lead to a quality choice. Newspapers today really have, and I come back to the word "choice", really have a complete choice. That's because in all the newspapers, we have almost daily demands for persons who, say, have the education and live in a circle that make excellent journalists. It's probably that newspapers can't afford to have any more, or don't need any more, because journalists, today, are more skilful. They are also, perhaps, more demanding than 25 years ago, definitely.

**Mr. Fortier:** What are the ingredients of a good newspaperman today, in 1970, in Quebec?

**Mr. Francœur:** The ingredients of a good newspaperman—there's an old saying that I believe in; it's that newspapermen are born newspapermen. The person still has to have the best possible education, and have the curiosity that goes with the newspaperman's profession. He must also be ready to work almost non-stop in order to cut out a niche for himself. However, I think that right down at the bottom, he has to have it. You either have it or you don't—to repeat another saying. I don't think you can pick it up; somebody can have studied everything, and taken all the courses in journalism, and if he doesn't have it in him, I don't think he'll make a good journalist.

**Mr. Fortier:** Do you have in your organization journalists who were trained in one or another of the schools of journalism we have in Quebec, or even outside Quebec?

**Mr. Francœur:** There must be some—yes there are some in our papers, "*Les Journaux Trans-Canada*". But you will remember that schools of journalism are just beginning to operate. The faculty, the school of journalism at Laval University really began to produce fairly complete journalists only a couple of years ago. Courses in information are given in some CEGEPs, but I don't call those preparation courses for journalism. They aren't that kind of course. Besides, the Association of Dailies had to intervene with the Depart-



ment of Education to put an end to them, because it completely misled young people and to make them take certain courses given by the CEGEPs this year.

**Mr. Fortier:** Your first success as a proprietor was with *Dimanche-Matin*, was it not?

**Mr. Francoeur:** Well, let's say, the first big success; there were a couple of papers before that, though with suburban weeklies, you could call them.

**Mr. Fortier:** Could you explain to us, firstly, why there are so few dailies in Quebec, and secondly, why there are so many weeklies, that is, weeklies that circulate throughout the province or only in a particular area?

**Mr. Francoeur:** Well, I shall give you an answer, and then I shall ask Mr. D'Amour who, before he became the president of the daily *Le Nouvelliste* on January 1, was on two separate occasions president or director of the smallest daily in Quebec *La Voix de l'Est*, which is presently enjoying the largest circulation in its history, possibly 12,000 or 12,500 copies.

First of all, the production costs of a small provincial daily in Quebec are very much higher than those of a daily in an English-speaking city.

**Mr. Fortier:** You say that in your brief. What is the reason?

**Mr. Francoeur:** There are a number of factors, but the two main ones are that, in general, small-town dailies in the other provinces make the maximum use of Canadian Press service. There is a very high percentage of what is called "wire copy" today, and it requires no handling at all. You receive a tape, which you feed into your linotype machine; it is not expensive, and the English wire is definitely much more comprehensive than the French one. In the case of a daily in a small or average-size city in Quebec, there is first of all the fact that Canadian press wire is not complete in French, so right away you need additional staff to get it from the English wire.

But there is also the matter of mental attitude. The thinking of a resident of small town or city in Quebec is centred much more on his own region, generally speaking, than that of the citizen of an English-speaking town in another province. In other words, if you took over *La Voix de l'Est*, *La Tribune* or *Le Nouvelliste* and gave them the same

breakdown of news as there is in equivalent papers in other provinces, the paper would not last six months. The people in small towns in Quebec want local and regional news, and that means a much more elaborate news room than they have in towns in English-speaking provinces, where a good part of the paper comes from the wire or from the American feature services, which we still have to translate. For example, someone mentioned the comic strips just now, many science items, many women's features and financial matters come in English, and this makes the writing job much more demanding.

Mr. D'Amour could tell you more, because he has a number of years of experience of the problems of a small provincial daily.

**Mr. Charles D'Amour, President, Le Nouvelliste:** I have also looked into the matter with a great deal of interest, because I also spent seven years as managing director of *L'Évangéline* in Moncton. It has great difficulty in surviving, since it is a French-language paper in a city, and a province, with an English-speaking majority. I have examined this very question of newspapers in Quebec and Ontario, and I note that almost all Ontario cities with a population of 25,000 or more have their own daily paper, while in Quebec, apart from Montreal and Quebec City, there is only Trois-Rivières and Sherbrooke—Granby is an exception. Chicoutimi used to have a daily, but it disappeared in time.

I would say that the reason there are not more small dailies in Quebec is the availability of advertising. It is a custom, perhaps a bad habit, that Quebecers have adopted, but in all cities like St-Hyacinthe, St-Jean, Chicoutimi and elsewhere you will find many small stores, but a few large ones, and a daily needs big advertisers in order to survive. Confronted by these facts, few financiers would risk capital on the establishment of a daily in a small town in Quebec.

**Mr. Fortier:** With your experience, would you risk any on the founding of a daily in Rimouski or Chicoutimi, today?

**Mr. D'Amour:** No.

**Mr. Fortier:** Mr. Francoeur?

**Mr. Francoeur:** Before dealing with your question, I might add another point. *La Voix de l'Est* would probably not have survived had it not been closely associated with a radio station in Granby, CHEF, which happens to be the only radio station in Les Journaux

Trans-Canada. If I am to believe what I am told, and what I have observed, the 25 years or so that *La Voix de l'Est* has been with us have seen a regular switching back and forth; one year the radio station would absorb the paper's deficit, the next year it would be the other way around, depending on market conditions, as Mr. Desmarais has said; one year, *La Voix de l'Est* supported CHEF, and the following year, CHEF supported *La Voix de l'Est*. If they had broken up, there probably would have been neither a radio station nor a daily paper in Granby.

**Mr. Fortier:** Could you not give many similar examples, or even suggest that this method of communicating news be implemented in smaller centres like Granby, Rimouski, etc.?

**Mr. Francoeur:** I believe that if we want to develop daily papers in average-size cities in Quebec, it will be virtually essential that one of the radio stations—there is generally more than one—be prepared to associate with the new paper, for the same reasons.

Mr. Péladeau stressed it this morning. I fully agree with him, but perhaps not with respect to a television station, though it is not an impossibility, but certainly a radio station is almost a necessity if someone, for example, were to launch a daily tomorrow morning in Rouyn-Noranda, a heavily populated area that is remote from the others, it is almost essential that there be a connection. I will say at once that there is no danger of a monopoly in a small town like that, because in Granby, if memory serves, you can get 20 small radio stations, 19 of them in towns in the area, including all the Montreal and Sherbrooke stations, and from the newspaper point of view, of course, in addition to *La Voix de l'Est*, all the Montreal dailies are sold in Granby. So the fact that the radio station and the paper both belong to us poses absolutely no danger, even pursued to the logical limit.

**Mr. Fortier:** But in Sherbrooke, if I remember correctly, there was a radio station included in the package you bought in 1967?

**Mr. Francoeur:** Pardon me, no, I only bought one paper in 1967, not a package.

**Mr. Fortier:** Nevertheless, I will put it another way: the radio station was available at that time?

**Mr. Francoeur:** No, when I went after *La Tribune*, and got Mr. Desmarais and Mr. Parisien interested, we were offered only the

newspaper. Other people had bought the radio and television stations and the commercial printing works.

**Mr. Fortier:** These other people, it was Mr. Desmarais and Mr. . . .

**Mr. Francoeur:** No, Mr. Desmarais—it was the Power Corporation, but at that time. . .

**Mr. Fortier:** Excuse me.

**Mr. Francoeur:** . . .neither Mr. Desmarais nor Mr. Parisien had anything at all to do with the Power Corporation.

**Mr. Fortier:** Pardon me, that is right. At that time, the radio and television stations had been bought by the Power Corporation?

**Mr. Francoeur:** And the newspaper too, but actually, right after that, the Power Corporation decided to get rid of it.

**Mr. Fortier:** Yes. To return to my earlier question, would you personally take the risk of launching small daily newspapers?

**Mr. Francoeur:** Let us say that part of our plans at the moment is to make a great effort to expand *La Voix de l'Est* even more in the immediate future. We shall incur expenses to find out whether there is really a way to take a daily such as *La Voix de l'Est* which, moreover, at the present time is somewhat profitable, and give it a wide scope in all fields. We shall attempt that between now and the end of 1970. If the trial proves to be a success, it is possible that we shall be prepared to risk what no one else to date has dared to risk elsewhere.

**Mr. Fortier:** Respecting Granby, radio station CHEF is not for sale?

**Mr. Francoeur:** No. At present we have an application before the CRTC, which is to be heard in March, for the transfer of the radio station licence because we purchased it at the same time as the daily. It was part of *La Voix de l'Est Limitée*. Therefore it is as much a part as the newspaper. It is not a very powerful station either. Proportionally, it is no more powerful than the *La Voix de l'Est* newspaper.

**Mr. Fortier:** Mr. Francoeur, as president of Les Journaux Trans-Canada Limitée, what control do you exercise over the editorial policies of your three dailies?

**Mr. Francoeur:** Absolutely no control.



**Mr. Fortier:** I notice that in your brief you mention that never was an editorial, which appeared for example in *La Tribune*, ever repeated in *Le Nouvelliste*. Is that true?

**Mr. Francoeur:** That is to say that it may have been repeated in the excerpts from the editorials of the other newspapers on the whole because we do as most Canadian dailies do. On certain days we publish excerpts from the best editorials of different newspapers. I do not say that it was not published as an excerpt, as a comment of others, but, as a newspaper editorial, it was never published as the editorial of another newspaper.

**Mr. Fortier:** Is the editorial policy of each newspaper completely its own?

**Mr. Francoeur:** You have before you the three presidents to whom all aspects of the newspaper management is entrusted.

**Mr. Fortier:** What control, if control there be, do you exercise over the production of your newspapers?

**Mr. Francoeur:** Do you mean technical production?

**Mr. Fortier:** No. I mean the day-to-day production.

**Mr. Francoeur:** None, I read them, often one week late, especially since Mr. Kierans' reforms because you know that it takes up to 10 days to receive *La Voix de l'Est* in Montreal, a distance of 38 miles. So, if our other mail subscribers are as well served, the situation is far from brilliant.

**Mr. Fortier:** How was, or how is, the publisher's editorial policy barometer, which was discussed earlier this afternoon, actually made known to your various newspapers?

**Mr. Francoeur:** I do not think that it was ever made known in the sense of walking in and saying we want this or we want that. There was never any question of that. I believe that we delegated powers to the presidents and that to date it has been proved to us that they have exercised sound judgment in editing the newspaper. Furthermore, to the best of my knowledge, to date I have never issued any directives about the editorials in any of the three dailies.

**Mr. Fortier:** Do you imagine that one day an editorial which was not in keeping with the policies or the philosophy of the owners, could be published?

**Mr. Francoeur:** Listen, out of 900 or perhaps 1500 editorials per year, there will always be a few which will not satisfy me 100 per cent. To ask for more than that would be asking a lot. All the editorials probably do not please Mr. Desmarais, Mr. Parisien or Mr. Dansereau, another shareholder, either. However, to date there has never been an editorial which made me pick up the telephone to say that the person who wrote it is a fool. I never went that far. I do not say that I always agree with the editorials because that would be asking the impossible.

[Text]

**The Chairman:** Have there been some which displeased you?

[Translation]

**Mr. Francoeur:** I would say that there are a few which, if I had written the editorial, I would perhaps have not said the same thing in the same way but there has never been any question of telephoning the president and raising the matter.

[Text]

**The Chairman:** But there have been some with which you have been unhappy?

[Translation]

**Mr. Francoeur:** I would not say "unhappy". Let us say there are some with whom it is normal. I perhaps did not see the problem quite from the same angle but it was not a fundamental question. I think that there has never been an editorial which was in opposition to the publisher's ideas. I consider the editor as representing all the shareholders, in this case the four shareholders. I do not think that there has even been an editorial in our newspapers which was not in keeping with the publisher's philosophy, in the broadest sense of the word.

**Mr. Fortier:** What, in your opinion, is the reason for the rather phenomenal success of *Dimanche-Matin*?

**Mr. Francoeur:** Well it is rather hard for me to answer that. Let us say first of all that French Canadians have always been used to having a Sunday newspaper, that is since 1924 or '25 when there were Sunday newspapers in Montreal. For a while there were two, *La Patrie* and *Le Petit Journal*. Through force of circumstances or actually for reasons which concerned the directors of those newspapers at that time, about 1951-52 it happened that presstime for those newspapers was advanced gradually from Saturday evening, to Saturday noon, to Friday evening, to



Friday noon and today it is Wednesday evening. However to get back to 1951-52, I had collaborated directly on *Le Petit Journal* and in 1953 the gap existed. There was a printing-plant for sale in Granby for financial reasons together with an English weekly in Granby. At that time, *Le Canada* closed up shop. I had what is known as a suburban newspaper which was printed by the same company. There were other people who also had such newspapers and overnight we found ourselves with hardly any choice in having our suburban newspapers printed. At that time, I went into partnership with Mr. Robert Allard and in July, 1953 we purchased the printing plant in Granby. We immediately started the wheels turning to release a Sunday newspaper in January of 1954. The first week we sold 12,996 copies by concentrating sensibly at the beginning on the same ideas which Mr. Péladeau explained to you this morning: news and sports. Obviously we gradually expanded the field of endeavour, the women's section, et cetera. Now, we still concentrate on what can be called a Sunday daily, basing ourselves on that fact that by Sunday people have read the large weeklies which are ever so popular in Quebec, in their half-magazine, half-newspaper from, and have also read the newspaper's serious pages, if it can be put that way, actually the information pages of *La Presse* and *Le Devoir*. In fact we have always found that by Sunday morning people are no longer interested in such serious reporting and are ready for news and sports of the day reported in a vivid way. That is the policy which we have always tried to follow and which has been...

**Mr. Fortier:** Have you never attempted to present a synopsis of the week's events?

**Mr. Francoeur:** Listen, if you take a look at the synopses presented by *Le Devoir* and *La Presse* in addition to the large weeklies at the end of the week, there is nothing left for Sunday which could qualify without being a repetition.

**Mr. Fortier:** Mr. Francoeur, if you will permit it, I should like to ask Mr. Dubé and Mr. D'Amour who, if I am not mistaken, have both worked under a sole owner, a question. Mr. Dubé, could you tell us how it is different to work for Les Journaux Trans-Canada compared to what it was before when you worked for only one man?

**Mr. Yvon Dubé, Président, La Tribune:** Mr. Chairman, I feel that Mr. Fortier is putting me in a rather uncomfortable position. Never-

theless, I will say that I used to see the former owner, who is now one of your colleagues, Honourable Senators, everyday whereas up until this morning I had not seen the present owner for two years and I do not think he recognized me. That then makes for all the difference. A man whom you run into everyday is inclined to give you directives everyday—more especially, when the owner is a local resident; he has contacts and pressures are exerted. That is common practice and such pressures are passed on in turn to the editors. I must say that not only have I not been under any pressure from Les Journaux Trans-Canada but there has not been any pressure from the public either because the public feels that I am not important to bother with.

**Mr. Fortier:** It has often been put forward to this Committee that the owner of the newspaper owed it to himself to be a local resident, to be from the region. In short, if something was going wrong, a citizen or reader could telephone him or could even pay him a visit.

**Mr. Dubé:** Yes.

**Mr. Fortier:** You seem to be saying that as far as you are concerned it is preferable that the owner not be a local resident.

**Mr. Dubé:** Let us say that you have an owner who is a local resident. Automatically I think that that implies that he has certain values, that he may have other interests in the community. In all likelihood he spent the evening with other people and it is quite normal for those persons to be able to telephone and try to obtain favours or to have editorials written or not written. There is nothing unusual in that.

**Mr. Fortier:** Is it easier in that instance to exert pressures?

**Mr. Dubé:** Yes, obviously because of friendship or economic and business relations.

**Mr. Fortier:** Assuming of course that pressures are exerted on you, if such pressures were to be exerted on you today, in view of all the humility you have just shown, how could the owner learn that such pressures were exerted in view of his absence from the scene?

**Mr. Dubé:** I do not think that it is up to me to inform him unless of course I have something extraordinary in hand which I think could have an economic effect on the busi-

ness. However, as I said, over the past three years in Sherbrooke I have never been subjected to such pressures.

**Mr. Fortier:** Yes, I shall ask Mr. Francoeur the question. You are with *La Tribune*. I imagine that Mr. Dubé in Sherbrooke is subjected to pressure. Let us say he agrees to suppress a news story or agrees to publish it in a non-objective way. This is a hypothetical case of course but, Mr. Francoeur, in view of the fact that you are from Montreal, I should like you to answer. It is hardly likely that such pressure or pressures will be brought to your attention in good time. Therefore, could some problem not arise in such a case?

**Mr. Francoeur:** In theory probably in the hypothetical case which you raised. However, in practice, with the telephone available today, I swear that if that happened a couple of times or if someone in Sherbrooke saw what was going on, it would not be long before I, Mr. Parisien, Mr. Desmarais or others would hear of it. However, to support Mr. Dubé's thesis, I believe that in a small city the owner of the newspaper is really the publisher. If the editor of the newspaper, the owner in fact of the newspaper—say the position which Mr. Dubé holds—is a journalist and the owner really does the work, then the solution is excellent. However, if the owner does not do the work, it is better to have an owner from outside, as in our case. Am I being clear?

**Mr. Fortier:** Yes, I follow you.

**Mr. Francoeur:** What I mean to say is that in a case such as that of Mr. Bassett, it is obvious. Mr. Bassett, who is really the owner and publisher, accepts his responsibilities. However, if for economic or historical reasons, the newspaper must be run by a person who is not the owner, I prefer straight off that the owner not be from the municipality.

**Mr. Fortier:** On the other hand, I would suggest that it is chiefly in a small municipality that such pressures can be exerted rather than in Toronto or Montreal.

**Mr. Francoeur:** Mr. Fortier, I do believe that Mr. Dansereau, Mr. Bureau, Mr. Desmarais or Mr. Parisien will tell you that there are pressures in a large city like Montreal.

**Mr. Fortier:** Could Mr. Dubé tell me whether there are also pressures in a small city like Sherbrooke?

**Mr. Francoeur:** That is to say that it is perhaps worse in a case where the owner of the newspaper is not its editor and also has many interests in a small city.

**Mr. Dubé:** Mr. Fortier, you have to understand that my office door is never closed and I never refuse to see anyone. When I speak of pressure, I mean undue pressure, repeated pressure, such that I, for example, would feel, because of my position, that the shareholders would want to dismiss me.

**Mr. Fortier:** Agreed. If someone is not pleased or is even unhappy with the publication of an article or an editorial's content, obviously he can always take pen and paper and write you a letter, can he not?

**Mr. Dubé:** Yes.

**Mr. Fortier:** I was putting the question to you. Do you publish all the letters you receive, the letters to the editor?

**Mr. Dubé:** I think that we are very liberal in that regard. I notice that at present some newspapers do not publish letters which are not signed. Provided the veracity of the letter can be verified, we still accept letters written under a pseudonym in order to allow certain persons, working for the government or other public agencies, to express themselves freely.

**Mr. Fortier:** Do you edit those letters?

**Mr. Dubé:** We leave them as they are.

**Mr. Fortier:** Do you publish them?

**Mr. Dubé:** Of course. If someone sends me a novel, I put it with the classified ads.

**Mr. Fortier:** Yes. So you make no selection at all?

**Mr. Dubé:** There is no selection. However, if someone were advocating war or preaching anarchy, I would certainly not publish them. Naturally, I think that if you read the newspapers, you find that a certain type of person writes more often. To put a name on that type, let us say that at the present time Separatist tendencies take up full columns while persons with other learnings do not bother to answer. That is not the newspapers' fault.

**Mr. Fortier:** Mr. D'Amour, Mr. Ferrat, what is the policy of your newspapers with respect to dissident opinions?

**Mr. D'Amour:** In Trois Rivières the present team wants the newspaper to serve the eco-

conomic promotion, the development of the area. That has always been its policy. A project, such as the bridge striding the St. Lawrence, is no stranger to the work of *Le Nouvelliste* as an information media. The newspaper plays the role of promotor in all aspects.

**Mr. Fortier:** The last question which I put to Mr. Dube—do you publish in their entirety letters to the editor which respect the libel laws?

**Mr. D'Amour:** We do even more than that, Mr. Fortier. We headlined a story of a speaker who indirectly attacked the corporation of les Journaux Trans-Canada.

**Mr. Ferrat:** Respecting *La Voix de l'Est*, for my taste there are not enough readers published for the simple reason that we receive few letters. If I am not mistaken and have fully understood, one of the reasons why we receive few letters is that in the past it was discouraged and it must be understood that *La Voix de l'Est* is the baby of the company. We have only been running it for about a year and it is the type of thing which requires a great deal of time to develop. Our chief editorial writer, who is an excellent man and who controls that field, is a man of long-standing and he has many philosophies to develop but we expect to publish finally almost all letters which merit publication. Respecting meriting publication, we receive letters which are of no interest to anyone except perhaps the individual and his family. Therefore at a given time, a certain selection must be made.

**Mr. Fortier:** A selection which you obviously make yourself?

**Mr. Ferrat:** No, not I personally. The editorial writer must decide which letter is of interest to the readers.

[Text]

**The Chairman:** Is your question a supplementary or a separate question, Senator Prowse?

**Senator Prowse:** It is a separate question.

**Mr. Fortier:** I was leaving the subject also.

**The Chairman:** Then would you ask your question, Senator Prowse.

**Senator Prowse:** In the brief we received from Gelco Enterprises, on page 9, there is a suggestion that they will support the estab-

lishment of a press council on these conditions:

(a) that such a press council be formed on a regional basis;

(b) that such a press council be a voluntary body, free of any governmental influence;

(c) that such a press council be set up following an agreement reached between all interested parties;

(d) that the public be represented in a majority proportion on such a press council.

What is your feeling on that proposal?

[Translation]

**Mr. Francoeur:** I fully approve of it. Furthermore I believe that you will soon receive a brief from the Association, Quebec Dailies Inc. which will give you all the details of the press council project, which is fairly advanced in Quebec. That project has been under study for three years now. Many formulas were under consideration and many discussions were held with the journalists' union, La Fédération des Journalistes. I believe that that is the only practical solution because a national press council is only a dream. It is highly improbable. I cannot conceive of a press council which would handle a problem in Granby and then deal with another problem in Victoria, British Columbia. It would be most difficult to control and operation would be very cumbersome. I cannot envisage a national press council. I do see regional or provincial press councils. I can see the Maritimes for example with a press council for the Maritimes. Indeed it would be up to the newspapers and journalists in the Maritimes to determine whether the press council would serve the four provinces or whether there should be one press council. I do not know but I do know that I cannot conceive of a national press council for us in Quebec.

[Text]

**Senator Prowse:** How small a press council do you think could be effective without getting ridiculously small?

[Translation]

**Mr. Francoeur:** I say provincial—for the Province of Quebec—English and French newspapers, English and French radio and television, weeklies, et cetera. However, I believe that that would involve fourteen dailies, two hundred weeklies and seventy-five



radio stations although it is the federal government which controls all radio stations as such but I am speaking from the point of view of information—and you also have television stations. However, with regard to further details about the press council, I would prefer that you await the brief to be presented by the Association des Quotidiens du Québec because it will give you all the relevant information.

[Text]

**Senator Prowse:** I respect your suggestion. We are looking forward to that brief as a matter of fact. Can you tell us at this stage how the public representatives would be selected and appointed?

[Translation]

**Mr. Francoeur:** Although I do not have the figures on hand, in l'Association du Québec's project, there is representation first of all for the dailies and weeklies and then the radio and television stations on the management side. Then there are the journalists, also divided according to a formula. The third group would be other agencies which cannot include persons who have something to do with newspapers.

In other words, in view of the fact that unions as such are involved with newspapers, they could not form part of the public's representation in addition to being represented in the employees' group. However I am not aware of all the details of that formula because it is rather involved. Mr. Bureau here is one of the experts on that matter. In fact he represented l'Association des Quotidiens and, if you care to ask him, he can explain the operation planned by the Quebec press council.

**Mr. Fortier:** In any case, he is to return.

**Mr. Francoeur:** Yes, but if you want him today, he is here.

[Text]

**Senator Prowse:** Would Mr. Bureau like to answer that part of the question? What I am particularly interested in is how the public gets representation on the press council that they feel is their own.

[Translation]

**Mr. Bureau:** The press council would be made up of eighteen members—six would represent publishers and owners of radio and television stations, six others would represent the journalists and the last six would represent the public.

[Text]

Six of them would represent the public.

[Translation]

There would be eighteen members of the press council; six would represent the owners of newspapers, radio and television stations and magazines; six would represent the journalists; the six others would represent the public and would be chosen jointly by the first two groups at the suggestion of the Chairman who himself would be chosen unanimously by the two groups. The person acting as Chairman would not be attached to any radio or television station and would have nothing to do with mass media. It is he who will suggest a list of twelve names from which six would have to be chosen jointly by the employer and journalist groups. Those six persons and the Chairman would form the majority with respect to the other two groups and could be replaced every two years using the same procedure at the Chairman's suggestion and with the support of the two interested groups.

[Text]

**The Chairman:** May I interrupt just long enough to say, Mr. Bureau and Mr. Francoeur, that there have been several references to a brief we are receiving from the Association of Quebec Dailies. I do not know about that brief and I have asked some of our staff people by way of notes, but they do not know about that brief either. Perhaps either Mr. Francoeur or Mr. Bureau could expedite it.

**Mr. Francoeur:** You have the secretary of the association over there.

**The Chairman:** Mr. Secretary, if you would like to move it along for us, we would like to get it.

[Translation]

**Mr. Bureau:** I think that our chairman, Mr. A. F. Mercier, who is president of *Le Soleil* and of the Association of Quebec Dailies, must have been in touch with your Committee to say that he would forward that file. If he has not done so, it will be done shortly.

[Text]

**Miss Barrie:** He has communicated with us, but we have not received it yet.

**The Chairman:** It is coming?

**Mr. Mercier:** Yes, I am preparing it.

**The Chairman:** When can we expect to receive it?

**Mr. Mercier:** I have promised that you would receive it before the end of the month.

**The Chairman:** Excellent.  
Senator Prowse?

**Senator Prowse:** Those are all the questions I have to ask.

**The Chairman:** Are there any other questions? Mr. Fortier?

[Translation]

**Mr. Fortier:** Your large weeklies are obviously competing with...

**Mr. Francoeur:** Of course they compete just as Pontiac competes with Chevrolet, Dodge or Plymouth. Those weeklies are more and more different although when they belonged to different owners, they tended to resemble one another, one wanting to capitalize on the other's success. Now that we have those three, I mean *La Patrie*, *Le Petit Journal* and *Le Photo-Journal*, last year one of them surpassed two hundred thousand copies, another sold one hundred and thirty thousand copies and the third showed sales of twenty-five thousand copies. We carried out a good deal of research and we gave each of them increasingly dissimilar formats over the past few months. The results of that diversification are very, very promising.

**Mr. Fortier:** Will you continue to diversify them rather than combining them into one or...

**Mr. Francoeur:** Yes, they are still diversified, from the point of view of editing, from all points of view but there we tried to transform them respecting content with a more marked separation between all three editorships.

**Mr. Fortier:** Take for example another field, the weekly perhaps, *Dernière-Heure* and *Dimanche-Matin*. In view of the fact that those newspapers are part of the same parcel, do you not feel that one day they will form only one?

**Mr. Francoeur:** I hope not because first of all there is a market for them. The market exists already. We should like to give them increasingly different trends on the practical side. Do you think that if Dodge were to shut down Plymouth tomorrow, the Plymouth team would go over to Dodge? I do not think

so. In our case the same phenomenon takes place. On the one hand there is *Dernière-Heure* which sells between fifty and sixty thousand copies and on the other, we sell more copies of *Dimanche-Matin* today than we did the week before *Dernière-Heure* was founded. That is somewhat like the phenomenon pointed out by Mr. Péladeau this morning with respect to *Montreal-Matin*. So, I am convinced that if *Dernière-Heure* were to close up shop tomorrow, in the weeks thereafter sales of *Dimanche-Matin* would not increase in the order of sixty thousand sales. The only practical thing to do is to make the newspapers different.

**Mr. Fortier:** What specific advantages are gained today by the three dailies which are part of the Trans-Canada chain?

**Mr. Francoeur:** I think that Mr. Desmarais gave you an outline of those three newspapers this morning.

**Mr. Fortier:** I directed the question at you. I would like to hear from the three presidents who experienced the changeover.

**Mr. Dubé:** Mr. Chairman, I think that in the case of *La Tribune*, it is very clear. Without any reflection on anyone, *La Tribune* was in the red but let us say the methods of the previous owner—in the composing room for example where I knew nothing, indeed I was a journalist. I was in charge of editing—I can tell you that today with increased production, people who are happier in their work, and better salaries, we employ 13 fewer people. So someone who knew the business was needed to tell us: this is how things are done. In time, with the technical assistance of Mr. Ferrat and Mr. Francoeur, I think we found a solution to the problem and we succeeded in resolving the matter. It is along those lines and that was not done before. Why was it not done? Obviously it is not up to me to judge the persons who went before me but the fact remains and cannot be denied.

**Mr. Fortier:** Are there any others apart from that?

**Mr. Dubé:** From the point of view of advertising, a newspaper of our size could not allow itself the luxury of a representative in Montreal or Toronto. So, someone has just been appointed in Montreal to represent the three dailies and I think that will be to the advantage of the three.

**Mr. Fortier:** Is *La Tribune*...

**Mr. Dubé:** Mr. Chairman, an exchange of information can take place between the presidents. Just this morning I was coming up with Mr. D'Amour and we plugged each other into many pipelines. I think that will be to both our advantages. Previously the boss would have said: don't breathe a word of that to the boys at *La Tribune*. However now we permit such exchanges.

**Mr. Fortier:** Is there no competition between *La Tribune*...

**Mr. Dubé:** As for competition, if I can beat *Le Nouvelliste*, I will do so. There is great rivalry.

**Mr. Fortier:** For the readers?

**Mr. Francoeur:** Yes, Sir. In Drummondville and Victoriaville you have a mutual region where there has always been friction between the two and the battle is being waged stronger than ever.

**Mr. Dubé:** No agreement, Sir.

**Mr. Fortier:** For advertising, obviously?

**Mr. Dubé:** For national advertising yes but not at the local level. I would even say that *Le Nouvelliste* came into an area and sells for five cents less than we—something which I do not allow. If there were no competition, we would arrive at an understanding.

[Text]

**Mr. Chairman:** Mr. Francoeur and Mr. Fortier, I am terribly embarrassed, but we have run out of time. I am sorry because there are other questions you have, and we have not even got to the questions I have. However, I have made a commitment to some people who must get away and, therefore, I have no choice in the matter and am very sorry to terminate the session. I feel badly because there are other questions we have for you. I do not feel quite so badly because—I am not

sure whether you yourself are—but some of your people are returning for discussions we have with the weekly newspapers the week after next.

**Mr. Francoeur:** No, we do not fit in with that.

**The Chairman:** In any event, that makes me doubly sorry.

We are particularly happy to have you here. Perhaps I should broaden my comment to include Mr. Desmarais and Mr. Parisien from Gelco, and certainly Mr. Dansereau and the people from *La Presse*, and you, of course, Mr. Francoeur. Your opinions have been most welcome. Today's session completes the hearings that we have scheduled with the daily newspapers. Our interest, of course, is much broader than simply the dailies. We are interested in studying the full media spectrum; and in that full media spectrum and in our studies in general, I think the views of the people to whom we have been listening today are of vital importance. We are also grateful for the several items of material that have been tabled.

I am sorry that we have not a longer time in which to meet with you, but it may be that we can arrange to ask you back to talk further, or we may want to talk to you privately. If any of the people from Gelco, from *Les Journaux Trans-Canada*, or *La Presse*, after having sat through this session today, have other thoughts or ideas or viewpoints then we shall be delighted to receive them.

For the benefit of the members of the committee and the members of the press and all others interested, the next meeting of the committee will be held on next Tuesday morning, when we shall be hearing from *Weekend* and *Perspectives*. There will be an *in camera* meeting of the committee next Monday at 2.30 p.m. at 140 Wellington Street.

The committee adjourned.





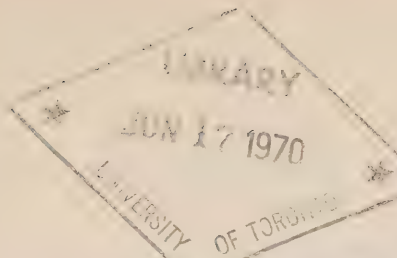












Second Session—Twenty-eighth Parliament  
1969-70

**THE SENATE OF CANADA**  
**PROCEEDINGS**  
**OF THE**  
**SPECIAL SENATE COMMITTEE**  
**ON**  
**MASS MEDIA**

The Honourable **KEITH DAVEY**, *Chairman*

**No. 24**

**TUESDAY, MARCH 3, 1970**

**WITNESSES:**

*Weekend/Perspectives*: Mr. William Goodson, President, Montreal Standard Publishing Co. Ltd.; Mr. Lewis Louthood, Vice-President, Newspaper Relations, Montreal Standard Publishing Co. Ltd.; Mr. Frank Lowe, Editor, *Weekend Magazine*; Mr. A. F. Mercier, Editor, *Perspectives*; Mr. E. J. Mannion, President and Publisher, *Canadian Magazine*, and President, Southstar Publishers Ltd.; Mr. Michael Hanlon, Editor, *Canadian Magazine*; Mr. George Floyd, Controller, Southstar Publishers Ltd.

*Canadian Public Relations Society*: Mr. David Wood, National President; Mr. Charles A. Harris, Second Vice-President; Mr. Douglas W. Heal, National Secretary; Mr. Jean Balcer, President, Quebec Society; Mr. Melbourne V. James, President, Toronto Society; Mr. Brian O'Regan, President, Ottawa Society; Mr. Aimé Gagné, Director, National Council.

Mr. Richard Beddoes, Sports Writer, *The Globe and Mail*.



MEMBERS OF THE  
SPECIAL SENATE COMMITTEE ON MASS MEDIA

The Honourable Keith Davey, Chairman

The Honourable L. P. Beaubien, Deputy Chairman

Beaubien,  
Bourque,  
Davey,  
Everett,  
Hays,  
Kinnear,  
Langlois,  
Macdonald (*Cape Breton*),

McElman,  
Petten,  
Phillips (*Prince*),  
Prowse,  
Quart,  
Smith,  
Sparrow,  
Welch.

(16 members)

## ORDERS OF REFERENCE

Extract from the Minutes of the Proceedings of the Senate, Wednesday, October 29th, 1969:

"With leave of the Senate,

The Honourable Senator Davey moved, seconded by the Honourable Senator Lang:

That a Special Committee of the Senate be appointed to consider and report upon the ownership and control of the major means of mass public communication in Canada, in particular, and without restricting the generality of the foregoing, to examine and report upon the extent and nature of their impact and influence on the Canadian public, to be known as the Special Committee of the Senate on Mass Media;

That the Committee have power to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of the inquiry;

That the Committee have power to send for persons, papers and records, to examine witnesses, to report from time to time and to print such papers and evidence from day to day as may be ordered by the Committee;

That the Committee have power to sit during adjournments of the Senate and that Rule 76(4) be suspended in relation to this Special Committee from 9th to 18th December, 1969, both inclusive, and the Committee have power to sit during sittings of the Senate for that period;

That the papers and evidence received and taken on the subject in the preceding session be referred to the Committee; and

That the Committee be composed of the Honourable Senators Beaubien, Davey, Everett, Giguère, Hays, Irvine, Langlois, Macdonald (*Cape Breton*), McElman, Petten, Prowse, Sparrow, Urquhart, White and Willis.

After debate, and—

The question being put on the motion, it was—

Resolved in the affirmative."

Extract from the Minutes of the Proceedings of the Senate, Thursday, November 6th, 1969:

"With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Smith:

That the names of the Honourable Senators Giguère and Urquhart be removed from the list of Senators serving on the Special Committee of the Senate on Mass Media; and

That the names of the Honourable Senators Bourque, Smith and Welch be added to the list of Senators serving on the said Special Committee.

The question being put on the motion, it was—

Resolved in the affirmative."

Extract from the Minutes of the Proceedings of the Senate, Friday, December 19th, 1969.

“With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Langlois:

That the names of the Honourable Senators Bélisle and Phillips (*Prince*) be substituted for those of the Honourable Senators Welch and White on the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—  
Resolved in the affirmative.”

Extract from the Minutes of the Proceedings of the Senate, Tuesday, February 3, 1970.

“With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Langlois:

That Rule 76 (4) be suspended in relation to the Special Committee of the Senate on Mass Media from 10th to 19th February, 1970, both inclusive, and that the Committee have power to sit during sittings of the Senate for that period.

After debate, and—  
The question being put on the motion, it was—  
Resolved in the affirmative.”

Extract from the Minutes of the Proceedings of the Senate, Thursday, February 5, 1970.

“With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Haig:

That the names of the Honourable Senators Quart and Welch be substituted for those of the Honourable Senators Bélisle and Willis on the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—  
Resolved in the affirmative.”

Extract from the Minutes of the Proceedings of the Senate, Tuesday, February 17, 1970.

“With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Connolly (*Halifax North*):

That the name of the Honourable Senator Kinnear be added to the list of Senators serving on the Special Committee of the Senate on Mass Media.



The question being put on the motion, it was—  
Resolved in the affirmative.”

ROBERT FORTIER,  
*Clerk of the Senate.*



## MINUTES OF PROCEEDINGS

TUESDAY, March 3, 1970.

(24)

Pursuant to adjournment and notice the Special Senate Committee on Mass Media met this day at 10.00 a.m.

*Present:* The Honourable Senators: Davey, (*Chairman*); Kinnear, McElman, Petten, Smith and Sparrow. (6)

*In attendance:* Miss Marianne Barrie, Director and Administrator; Mr. Borden Spears, Executive Consultant; Mr. Yves Fortier, Counsel.

The following witnesses were heard:

Mr. William Goodson, President, Montreal Standard Publishing Co. Ltd.;

Mr. Frank Lowe, Editor, Weekend Magazine;

Mr. Lewis Louthood, Vice-President, Newspaper Relations, Montreal Standard Publishing Co. Ltd.;

Mr. A. F. Mercier, Editor, Perspectives;

Mr. E. J. Mannion, President and Publisher, Canadian Magazine; President, Southstar Publishers Ltd.;

Mr. Michael Hanlon, Editor, Canadian Magazine;

Mr. George Floyd, Controller, Southstar Publishers Ltd.

At 1.10 the Committee adjourned to 2.30 p.m.

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At 2.30 p.m. the Committee resumed.

*Present:* The Honourable Senators: Davey, (*Chairman*); Kinnear, McElman, Petten, Quart, Smith and Sparrow. (7)

*In attendance:* Miss Marianne Barrie, Director and Administrator; Mr. Borden Spears, Executive Consultant; Mr. Yves Fortier, Counsel.

The following witnesses, representing *The Canadian Public Relations Society, Inc.*, were heard:

Mr. David Wood, National President, C.P.R.S.; Director of Information, Western Co-operative Fertilizers Ltd., Calgary;

Mr. Charles A. Harris, Second Vice-President, C.P.R.S.; Director of Public Relations, Canadian National Railways, Montreal;

Mr. Douglas W. Heal, National Secretary, C.P.R.S.; President, British Columbia Society; Vice-President, Public Relations Division, James Lovick Limited, Vancouver;

Mr. Jean Balcer, President, Quebec Society, C.P.R.S.; Assistant Manager, Public Relations Research Department, Aluminum Company of Canada, Ltd.;

Mr. Melbourne V. James, President, Toronto Society, C.P.R.S.; Public Relations Manager, Toronto Area, Bell Canada, Toronto;



Mr. Brian O'Regan, President, Ottawa Society, C.P.R.S.; Assistant Director, Information Division, Canada Department of Agriculture, Ottawa;

Mr. Aimé Gagné, Director, National Council, C.P.R.S.; Director, Public Relations, Aluminum Company of Canada, Ltd., Montreal.

The following witness was also heard:

Mr. Richard Beddoes, Sports Writer, The Globe and Mail.

At 5.15 p.m. the Committee adjourned to Wednesday, March 4, 1970, at 10.00 a.m.

*ATTEST:*

Denis Bouffard,  
*Clerk of the Committee.*

## SPECIAL SENATE COMMITTEE ON MASS MEDIA EVIDENCE

Ottawa, Tuesday, March 3, 1970

The Special Senate Committee on Mass Media met this day at 10 a.m.

**Senator Keith Davey** (*Chairman*) in the Chair.

**The Chairman:** Honourable Senators, if I may call the session to order. I have an announcement to make before we begin this morning's session which will perhaps take approximately five minutes to deal with.

Pursuant to the testimony of Messrs. Brander and McEachern for Maclean-Hunter Limited, I am in receipt of a letter from Mr. Mario Cardinal, the former editor-in-chief of *Le Magazine Maclean*. Mr. Cardinal has requested that his communication be read into the record and after consideration we have decided that in fact it probably should be on the record.

That being so, and my ability in French being what it is, I will ask Mr. Fortier to read this. There are copies here in French available for the press and the translation will be available as Mr. Fortier reads this letter.

[Translation]

**Mr. Fortier:** This letter, dated February 25, 1970, was addressed to the Chairman, Senator Keith Davey:

Dear Mr. Chairman:

I am making the following facts about *Le Magazine Maclean* known to you because I believe that the Committee of which you are Chairman has been misled. For the same reason I am today making public the contents of a personal and confidential directive that I received August 26, 1969, at which time I was Editor-in-Chief of *Le Magazine Maclean*. This directive (a copy is attached hereto), sent to me by the General Manager of *Le Magazine Maclean*, Gerald Brander, shows fully and clearly what the future of *Le Magazine Maclean* was to be.

Mr. Chairman, I thought it fitting that I should provide you with additional infor-

mation, in parentheses, on each of the matters dealt with in that directive.

[Text]

1. "The editorial budget for *Le Magazine Maclean* starting November 1969 (issue dated December) becomes \$8,000 a month. This is a great deal of money in relation to the volume of material to be produced and is to be regarded as a transitional figure until we can appraise the problem better".

[Translation]

(*Le Magazine Maclean* operated on a monthly budget of \$19,360. This budget had been worked out in December 1968 with my predecessor Paul-Marie Lapointe and had been approved by the management of Maclean-Hunter. Putting forward the possibilities of an operating budget of this kind, Gerald Brander and Ronald McEachern offered me the position of Editor-in-Chief in November, 1968. This budget, which I stuck to very closely for the first nine months of the year, was to remain in force till the end of December, 1969. Up to September 30, 1969, I had spent \$173,855 of the \$174,240 that the budget provided for the nine month period.)

(The directive said that the operating budget of \$8,000 monthly was adequate because the major part of the magazine content was to be produced in Toronto from then on. Moreover, the cut was only temporary; the directive was very clear on this point. A second cut (Phase 2) was to follow. I was informed of it not by Gerald Brander but by Charles Templeton, the Editor-in-Chief of Maclean's Magazine at the time. He was the only one of the Maclean-Hunter officials who was honest with me.)

[Text]

2. "The December issues of both French and English should fully reflect the agreements we have made".

3. "Staff reductions will be required. You

are going to advise the editorial staff early next week and take the necessary action. We will arrange severance pay as discussed at your discretion".

[Translation]

(In February 1969 the management of Maclean-Hunter allowed me to dismiss Massue Belleau, a professional translator, for the very reason that there was to be little or no translation in *Le Magazine Maclean*. With Gerald Brander's approval I then hired Gilles Gariepy, a professional writer, who became Sub-Editor. In March 1969 the management of Maclean-Hunter authorized the hiring of a sixth permanent journalist on condition that I stay within the budget. In hiring Jean-V. Dufresne I reduced the "correspondents" part of the budget considerably. This explains why in Appendix II the "salaries" budget to September 30 was \$2,014 higher than it should have been while the "correspondents" budget was \$4,905 below the amount provided.)

(When I informed the journalists of the contents of the directive they were furious. Some of them talked of holding a press conference. I told Gerald Brander of this. This was his reply:

[Text]

"If there is a showdown, we will fire everybody on a two-week notice".

[Translation]

After that I had to let the management of Maclean-Hunter think that I would remain in my position to experiment with the new formula. I did this because if I had resigned at the same time as the journalists, they would have received only two weeks' severance pay and two of them were in the employ of the magazine for between four and four and a half years. I worked all the more determinedly to get them decent severance bonuses because I had little to lose myself. I had been working for *Le Magazine Maclean* for only eight months. For each of the journalists I obtained a week's pay for every six months service with the magazine. I resigned the same day that I received written confirmation of these arrangements from Gerald Brander. Mr. Chairman, I played both sides of the fence and in all fairness to the journalists (two of whom I had hired a few months previously) I believe I was right in doing so. Perhaps this is the attitude that

Gerald Brander did not understand when he used the words "regret" and "retraction" before your Committee on February 18.)

[Text]

4. "We tentatively agreed that production and art assistance would be required to produce *Le M. M. (Magazine Maclean)* in Montreal office. This means retaining Miss Larose and Miss Bergevin. You will decide on reduced art assistance. It would appear that the part time services of Desrosiers should continue".

[Translation]

(Miss Larose was the production head, that is to say she looked after dealings of a technical nature with the Toronto workshop. Miss Bergevin was the secretary and Mr. Desrosiers was the art director.)

(The word "tentatively" indicated that as part of Phase 2, the Production and Art Departments would be integrated with those of the English magazine. Also, Miss Larose will confirm that at that time, Gerald Brander mentioned the possibility of her being transferred to Toronto.)

[Text]

5. "One staff writer should be retained. We agreed on Dufresne."

[Translation]

(The editorial staff was reduced from six to two, including the Editor-in-Chief. Brander decided to keep Dufresne without even consulting him. Naturally Dufresne refused to stay.)

[Text]

6. "Translation services should be arranged in Toronto".

[Translation]

(From then on the Editor-in-Chief of the French magazine didn't even have control over the translators.)

[Text]

7. "The essential monthly editorial responsibility of the Montreal staff will be to create suitable copy for those particular departments which cover material for the French magazine only—television, films, books, show business are examples. Montreal should generate story ideas and



it will get assignments from Mr. Templeton”.

[Translation]

(Mr. Chairman, I have enclosed a copy of an issue of *Le Magazine Maclean* before the application of the directive. You will notice that articles left to the French editorial staff (television, films, books, entertainment, etc.) are but small articles published in the yellow pages. All articles for the white pages of the French magazine were to be edited by the English group in Toronto and also translated in Toronto.)

(The Toronto group, apparently unaware of what was going on in Quebec, was to rely on the French magazine group for views on Quebec coverage. The Editor-in-Chief at Toronto was to judge the value of these ideas and decide how they were to be handled. Take note that the Editor-in-Chief of the English magazine would be handing out assignments to the French magazine journalists.)

[Text]

8. “Final decision on the content of both French and English magazines will be made by Mr. Templeton”.

[Translation]

(In the eyes of the public the Editor-in-Chief of the French magazine was still fully responsible for the publication. Yet he had no authority over what went into it.)

[Text]

9. “Both French and English *Maclean's* will usually have the same cover illustration. French *Maclean's* masthead will carry the name of Mr. Cardinal only”.

[Translation]

(The English magazine is on the newsstands ten days ahead of the French magazine. What would become of the French magazine when its cover, which was designed to attract the buyer, had been on display for ten days on another magazine? I can't think of a better way of destroying a publication.)

(Mr. Chairman, in all propriety it was an insult to expect me to put my name on such a publication and to think me capable of such unworthiness even for the \$2,000 salary increase that Gerald Brander offered me. In my opinion, the

law should provide penalties for people who try to buy professional conscience with money...)

[Text]

10. “Nearly all illustrations and film will be originated by English *Maclean's*. Where special illustrations and film is required for the French edition only the charge will be made to French *Maclean's*.”

[Translation]

(This proves that the French magazine did become a translation. How could the pictures and films required for photographic process printing come from Toronto if they had not been conceived for the English magazine in the first place? And Gerald Brander, assuming that there would occasionally be pictures and films “for the French edition only”, confirmed that all the others were to be published in the English magazine as well.)

Mr. Chairman, I believe that the management of *Maclean-Hunter* acted in bad faith all during the period prior to my resignation on October 1. Dishonesty was added to this show of bad faith when Gerald Brander appeared before your Committee.

It is true that Gerald Brander didn't announce publicly that *Le Magazine Maclean* would become a translation of the English magazine. But can he deny the directive of August 26, 1969? With the Manager of a firm like *Maclean-Hunter*, directives of this kind are “private and personal”.

Mr. Chairman, how could he say to you that

[Text]

“that was a misconception and (I) was misquoted by the former editor in the general press of Quebec”? (*Globe and Mail*, Feb. 19, 1970).

[Translation]

How could he say to you that

[Text]

“he had suggested to the former editor that some stories and research might be adapted by *Le Magazine Maclean's*”? (G. & M. id.)

[Translation]

In the middle of August it was I and not Gerald Brander who suggested that we

use certain articles from the English magazine in order to cut the cost of illustrations and films. (Charles Templeton can back me up on this.) However, I had specified that these be articles of general interest to readers of the French magazine (such as fashions or sports) with no political or social slant.

When he was before your Committee how could he state

[Text]

"the (former) editor later regretted and retracted his actions in the incident"? (G & M. id.)

[Translation]

Mr. Chairman, I would ask you to read the last issue of *Le Magazine Maclean* (February 1970) a copy of which I have enclosed. Of the eight features in the white pages six are written by French-speaking journalists and the cover is different from the cover of the English magazine.

Gerald Brander will say that this issue proves that it has never been his wish to make the French magazine a translation of the English magazine. I see in this the proof that Gerald Brander, rather than myself, "is sorry for what he did and has recanted". In the meantime there will have been thousands of cancelled subscriptions and a complete team of writers will have been sacrificed so that *Le Magazine Maclean* could maintain a semblance of originality.

Mr. Chairman, these are a few facts that I wished to bring to your attention following the appearance of the Maclean-Hunter officials before your Committee. If the Committee would like further information, I am at your disposal and I would be honoured to appear before you with or without Gerald Brander and Ronald McEachern present.

Respectfully submitted,

Cordially yours,

(signed) Mario Cardinal, Journalist.

[English]

**The Chairman:** Thank you very much, Mr. Fortier.

Well, Senators, this morning we turn to a discussion of weekend newspaper magazines. We have two briefs we are going to receive; later this morning we will have one from the Southstar Publishers Ltd., the publishers of *The Canadian* and *The Star Weekly*.

The first brief is from the Montreal Standard Publishing Co. Ltd., the publishers of *Weekend* and *Perspectives*. On my immediate right is Mr. William Goodson, the President of the Montreal Standard Publishing Company Limited. On Mr. Goodson's right is Lewis Louthood, Vice President, Newspaper Relations, The Montreal Standard Publishing Company Limited, and on my left is the Editor of *Weekend Magazine*, Mr. Frank Lowe.

Mr. Goodson, in compliance with the guidelines we mailed to you some number of weeks ago, you were good enough to send us a brief—well in advance I must say, and we were grateful. It has been circulated to the senators and presumably studied by them. We now would like to put some time at your disposal to make an oral statement in which you can explain the brief, amplify, add to it, subtract from it, or say other things. Following that, we would like to question you on the contents of your brief and on your oral statement and perhaps on other matters as well. If you wish to perhaps farm out—if that is the right verb—any of the questions to any of your colleagues, by all means do so.

**Mr. W. A. Goodson, President, The Montreal Standard Publishing Company Limited:** Mr. Chairman, honourable Senators. I think the first statement that I will have to make will be a subtraction from your opening statement inasmuch as The Montreal Standard Publishing Company Limited does not publish *Perspectives*.

**The Chairman:** I realized that when I said it.

**Mr. Goodson:** And I am certain that Mr. Alfred Mercier, the President of *Perspectives Inc.* who is sitting in the audience would have picked it up quite quickly.

**The Chairman:** Well, I am delighted that you mentioned that. I realized it as soon as I said it, so please carry on.

**Mr. Goodson:** Well, I hope that you did have the opportunity to read and study our brief. It does outline our business operation and our editorial philosophy and truly there is little I can add to the brief but to indicate to you that we in the magazine field are finding ourselves today in a very competitive market—probably in 1970—more competitive than we have ever seen it. We have the normal competition of other magazines and radio and television, but it seems today, along with many other industries, we are in compe-



tion as well with the banks for every time they tighten up their loans to business, we are tightened up as well on our advertising revenue.

I don't want to dwell on the advertising revenue aspect, but it is the sole means of getting finances into weekend magazines. On the other hand, it cannot be over-emphasized because all stages are of equal importance.

We have outlined our editorial philosophy and it is completely independent of the advertising philosophy. There is never a need from our standpoint. We found too in the last few years that the magazine industry has had to do a great deal of soul-searching to try to find a proper place in the communications empire. I think our permissive society has probably changed that as much as anything because it has changed our reading habits. In North America probably the two hottest publications are below the border in *Playboy* and its female counterpart *Cosmopolitan*. They seem to have the hottest editorial material and consequently the hottest influence at the moment. We, as a weekend magazine or newspaper distributed magazine, can't get into competition in this particular area. Fortunately or unfortunately, with a circulation of over two million, we are reaching into so many homes that we must evolve an editorial approach that has a broad spectrum. We believe we have done that and we believe we have evolved an editorial approach that encompasses all areas of Canada—large cities, small cities, country, and all members of the family. We, too, realize that in today's fast moving society we can no longer review our editorial approach from year to year but rather from issue to issue. That doesn't mean to say that we break the continuity, but we just have to make certain that we don't fall behind.

I don't want to dwell too long on that because our editor, Mr. Frank Lowe, is here. He has outlined our editorial philosophy and his editorial philosophy and he will be perfectly happy to answer any questions that you may have.

I think one aspect of the Montreal Standard Publishing Company Limited that is worth noting is our transition in recent years from being a straight publisher to a combined publisher-printer. For the first many, many years of our existence we were a publisher with printing facilities devoted 100 per cent to our own publication. In recent years, we have converted over to being a printer as well, and I think it is worthwhile noting that in 1970

roughly 40 per cent of our printing will be devoted to publications of the Montreal Standard Publishing Company Limited and the remainder will be on printing contracts to either other publishers or to consumer companies including some of the larger retail operations in the country. That has been quite a marked change in our existence in the last few years.

I don't think there is anything else that I would like to add to that—I think our brief is self-explanatory and if there are any questions, which I am sure you will have, we will be only too pleased to answer if we can.

**The Chairman:** Thank you very much Mr. Goodson. I think the questioning this morning will begin with Senator Sparrow.

**Senator Sparrow:** I wonder, Mr. Chairman, if we could have a definition of newspaper magazines as compared to regular magazines and an explanation as to why you would not be a member of the M.A.B.?

**Mr. Goodson:** Well, the first, the explanation of being a newspaper distributed magazine is just simply bad. Our distribution comes basically through our member newspapers and the difference editorially is, of course, that we do make some changes from a normal magazine. We would not, for instance, carry features in the magazine that are generally carried in a daily newspaper because this would simply be redundant. I am talking of things such as crossword puzzles or any features of the type that are basic with the daily newspapers. We generally stay away from this type of thing because we consider that we complement the newspaper. As to why we are not a member of the Magazine Advertising Bureau—first, I could go back historically and say in the competitive field the conventional magazines have always denied that we are a magazine and we have not been invited to participate in the Magazine Advertising Bureau. We haven't considered it...

**The Chairman:** You never applied?

**Mr. Goodson:** We never applied. Four or five years ago a president of an advertising agency did put a couple of us together on a social basis but it was decided we would not likely be very acceptable to most members of the Magazine Advertising Bureau. They consider us to be what they refer to as a supplement and not a magazine. Whether they are right or wrong I don't know.



**The Chairman:** Well, you clearly said in your opening comments that you are in the magazine field.

**Mr. Goodson:** Well, we have always considered ourselves in the magazine field.

**The Chairman:** And they don't consider you in the magazine field?

**Mr. Goodson:** Well, they say they don't.

**Senator Sparrow:** They deny that you are in the magazine field?

**Mr. Goodson:** They deny this. I think this is very common in the advertising field, but this doesn't worry us. It really doesn't concern us at all.

**Senator Sparrow:** Do they deny it apart from the ABC circulation aspect—do they deny it on a basis other than that?

**Mr. Goodson:** Oh, I think they deny it really on an emotional basis because we are competitors. From this standpoint, we have always used this in our selling promotion, and that is that we are a magazine and that the budgets from which the advertising volume comes into our publications, comes out of magazine budgets.

**The Chairman:** Why, Mr. Goodson, do you say you are a magazine?

**Mr. Goodson:** Well, I suppose we could start with our masthead. That says we are a magazine but we consider we are a magazine because we are competing in the magazine field as far as revenue is concerned, as far as readers are concerned—the method of distribution really doesn't enter into our reading material. We compete for editorial staff in the magazine field just as they compete in the magazine field.

**Senator Sparrow:** If I might just digress for a second. You referred to your masthead but nowhere do I see in your magazine any reference to the owners or publishers, or the editor's name anywhere. Why not? Why don't you publish those?

**Mr. Goodson:** Well, this goes back, historically, to when we started *Weekend Magazine* and we still believe the policy is so and in actual fact the editor's name does appear. Mr. Frank Lowe's name does appear on a column.

**Senator Sparrow:** On a column only?

**Mr. Goodson:** Yes. Over the years the concept was that we become part of the member

newspaper and legally we are published out of every member newspaper. We are not a publication from a legal standpoint—once we go into the Winnipeg Free Press masthead we are considered as published by the Winnipeg Free Press and we come under the varied laws that are related to the various provinces. I think the classic on that is liquor advertising. We cannot take liquor advertising on a national basis because we conform to each of the individual provinces. But the aspect of that is that we really feel that the readers should feel that it is part of their newspaper and not published in Montreal.

**Senator Sparrow:** Well, I might agree with that statement if you didn't have some that you gave away outside of the area of the daily newspaper. You do distribute door-to-door with no connection with a daily newspaper. I am just wondering if the reader has any way of knowing in fact who is responsible for that magazine. Now, of course, they can blame the *Ottawa Journal* or the Winnipeg paper, but this wouldn't be true with a free distribution system?

**Mr. Goodson:** No, it wouldn't be true with a free distribution system and it is a point which we have really not taken into consideration. When we went into controlled circulation—as it says in the brief, we went into controlled circulation as a purely competitive measure when the defection of one group of newspapers left us with a hole in our circulation in some major areas—we hit upon this system of filling the holes. We didn't change the magazine at all. We changed our mastheads with an in-printer on the press.

**The Chairman:** Is this what you call your masthead?

**Mr. Goodson:** This is a masthead. Where the member newspaper appears it is changed without stopping the press at all. It is a mechanical device which changes mastheads instantly. In order to do what you say, to re-edit for the controlled circulation areas, we would have to re-edit the publication slightly and we did not take into consideration that this was an important factor.

**Senator Sparrow:** I don't understand what you mean. What do you mean by re-edit the magazine?

**Mr. Goodson:** We would have to re-edit the magazine. In the rotogravure process we would have to take out cylinders—stop the press—redo cylinders, put them back in, in order to change the content inside.

**Senator Sparrow:** Well, I wasn't talking about the content—I was talking about the publisher's name.

**Mr. Goodson:** Well, that is part of the content.

**Senator Sparrow:** Well, it wouldn't matter necessarily in every issue throughout Canada in every newspaper—when the reader picks up the *Ottawa Journal*—surely the average reader must not realize that this is in fact not printed only by the *Ottawa Journal*.

**Mr. Goodson:** Well, surprisingly enough we receive a limited number of letters addressed directly to us; most of the letters to the editor come to us from a member newspaper—people do write to the member newspaper.

**Senator Sparrow:** Well, this is the point I am getting at. The point I am trying to get at is that they think that it is in fact printed by the *Ottawa Journal* and in fact it is not?

**Mr. Goodson:** That is right. That was a decision that was made a long time ago. We thought that that was an advantage.

**Senator Sparrow:** Well, it may be an advantage to you or to the newspaper, yes, but I wonder if it is in fact an advantage to the reader? I wonder if it is not a deceptive publication as such?

**Mr. Goodson:** I think not.

**The Chairman:** Mr. Goodson, what do you put on the masthead of the papers which are distributed through controlled circulation?

**Mr. Goodson:** In Hamilton we have "Compliments of the Toronto Telegram", which was a concession to the Toronto Telegram because it did infringe on part of their area. The wording Mr. Louthood?

**Mr. Lewis Louthood, Vice President Newspaper Relations, the Montreal Standard Publishing Company Limited:** The largest market circulation in Canada.

**Mr. Goodson:** It is a promotion plug.

**The Chairman:** A promotion plug with the exception of Hamilton?

**Mr. Goodson:** Yes.

**The Chairman:** Do you still put that on in Hamilton?

**Mr. Goodson:** Yes.

**The Chairman:** Senator Sparrow?

**Senator Sparrow:** Perhaps, I will leave that for a moment.

In your brief and from the figures we have as well, your revenue in 1968 was \$15½ million or 3.2 per cent of the total revenue. It increased slightly in 1969 to \$16½ million...

**Mr. Goodson:** Excuse me, that is the revenue of all of the rotogravure sections.

**Senator Sparrow:** Yes, I realize that. You refer in your brief, I think it is in 21 C, to competitive factors with regard to that revenue and you refer in A to U.S.-owned magazines, *Reader's Digest* and *Time* and B, the tremendous growth of television.

When other witnesses were before us from the magazine industry, I would have gathered from their discussions and statements that they were in favour of the special provision for *Reader's Digest* and *Time* as enhancing the image of the national magazines and as enhancing the opportunities for additional revenue due to these two magazines. But it would appear in your brief that you are critical of this provision. Are you suggesting that this provision should be changed—that the special provisions should be taken away from *Reader's Digest* and *Time* and if so, would it in fact help the newspaper magazine industry?

**Mr. Goodson:** Well, I think we were on record at the time of the O'Leary Commission Report that the recommendations that Senator O'Leary and his commission made at that time were proper and that they should have been instituted at that time. They weren't. They were instituted for all but the two magazines that were taking a great deal of revenue out of the field and still are. Yes, I do believe that they should have been instituted at that time and should be now. I think it would release funds to the other magazines, including us.

**Senator Sparrow:** Yes, the magazine industry, or the other arm of it, made the same recommendation to the O'Leary Commission that you did?

**Mr. Goodson:** Yes.

**Senator Sparrow:** However, it appears that in the interval, they have changed their opinion and you have not changed your opinion?

**Mr. Goodson:** Well, I think after the report was tabled, after the recommendations went to the Government and came out differently, after a fairly short period of time, I imagine



that they took for granted that nothing was going to be done and that they might just as well join forces and operate together rather than continue to scrap with each other and cause an hostile element throughout the magazine industry. I think in so doing they were probably correct. If nothing was going to be done, there was no point in carrying on a feud, nor have we carried on a feud. We have not carried on a feud with *Reader's Digest* or *Time*. I have myself not made reference to this for many years and I don't think any of our staff has, but I think it is worth recording at this Committee that it should have been done—it should still be done but whether or not it is done, I don't know.

**The Chairman:** Well, you clearly then diverge from the position of the magazine industry as such. They were here and told us, as Senator Sparrow has indicated, that they are now in favour of the exemption enjoyed by *Time* and *Reader's Digest*. You disagree with that, do you?

**Mr. Goodson:** Yes I do. I think they would have a difficult time operating under the umbrella of the Magazine Advertising Bureau and at the same time fighting with their own image.

**The Chairman:** Is the membership of *Time* and *Reader's Digest* in the Magazine Advertising Bureau—would that be a factor in your considering membership?

**Mr. Goodson:** Well, I just couldn't say.

**The Chairman:** Well, if the Magazine Advertising Bureau came to you and said "Come on, join." Would you join?

**Mr. Goodson:** If the Magazine Advertising Bureau came to us and gave us good reason why we should be a member of the group, I would certainly consider joining regardless of *Reader's Digest* or *Time*. I have no grievance against *Reader's Digest* or *Time*, but I don't think I would change my mind on what I think should have been done.

**The Chairman:** You think what should have been done, should be done now?

**Mr. Goodson:** Yes.

**The Chairman:** I take the point that you have no hostility against *Time* or *Reader's Digest* but they might well say with friends like you who needs enemies...

**Mr. Goodson:** That is right.

**The Chairman:** You are in favour of dropping the exemption?

**Mr. Goodson:** Yes. I think that Senator O'Leary and his group went into it very thoroughly and they came up with very strong and positive recommendations which were not followed through.

**The Chairman:** Well, we are interested in updating what Senator O'Leary said and what he says now and what the magazine industry says now. If I could just ask you one other question on paragraph 21 C which Senator Sparrow has been dealing with. Are those "competitive factors" listed in order of priority?

**Mr. Goodson:** No. They would be listed in order of priority if they were reversed.

**The Chairman:** Senator Sparrow?

**Senator Sparrow:** Has anyone else any questions on that before I proceed to something else?

**The Chairman:** Mr. Fortier?

**Mr. Fortier:** One supplementary if I may, Mr. Chairman. Mr. Goodson, if Senator O'Leary's recommendations had become law, do you know whether or not the advertising which was, still is directed to those publications, *Time* and *Reader's Digest*, would have automatically been given for good and valid consideration to Canadian magazines such as yours?

**Mr. Goodson:** I don't think anyone can come out and make the flat statement but what it would have done is, it would have certainly released a good deal of funds to which we could have put our efforts to bringing into our publication. Yes, I think a very high proportion of it would have ended up in the other Canadian magazines.

**Mr. Fortier:** There was an independent but authoritative study which was made in the early 1960s on that very point. We cannot disclose the identity of the parties who made this survey, but what would you say if I told you that their conclusion was that only 13 per cent of that advertising found in *Time* and *Reader's Digest* have found its way into really and truly Canadian magazines. Would that surprise you as being a very low proportion of total advertising?

**Mr. Goodson:** Yes, I would say it is very low and before commenting upon the



research, from whence that came, I would say it was wrong.

**Mr. Fortier:** And you, without having studied the matter, you feel that the proportion of advertising we directed from those magazines to truly Canadian magazines is much higher, is that correct?

**Mr. Goodson:** Yes.

**Mr. Fortier:** Although, you have not studied the matter?

**Mr. Goodson:** Well, I have not studied it for a long time because when nothing happened—we accepted the inevitable and we haven't tried to dig up the bones every year for the sake of digging up bones and causing inter-publication hostility throughout the industry.

**Mr. Fortier:** But I don't recall at the time of your presentation before the O'Leary Commission you had made such a study as to where the advertising would go if *Time* and *Reader's Digest*...

**Mr. Goodson:** I don't think, quite frankly, that you could make such a study. You could attempt to, but there is a lot of difference between asking the people's opinion as to what they will do in this frame of reference and what they will do.

**Mr. Fortier:** Mr. Gallop does that every day.

**Mr. Goodson:** And Mr. Gallop is sometimes wrong.

**Mr. Fortier:** Yes, but he is sometimes right. That is the basis of any research though isn't it?

**Mr. Goodson:** Yes, but it is opinion and when you are dealing with that aspect of the market, the opinion can often say one thing and the person offering the opinion can often do the other. This has been proven with publications that have tried to come into being and they have gone to the members of the advertising fraternity and said—would you advertise in such and such a magazine and it was brought out and they go back and then the advertisers would say "Well, prove yourself first". Before they get a chance to prove themselves, they don't exist. There just isn't enough money to go around.

**The Chairman:** The gap between motivational and behavioural studies, I agree, is quite considerable but just to wrap this up

and return to Senator Sparrow—if this exemption for *Time* and *Reader's Digest* were removed at the present time, the newspaper *Weekend Magazine* would survive in your opinion?

**Mr. Goodson:** Certainly.

**The Chairman:** Would the balance of the Canadian magazine industry?

**Mr. Goodson:** I think they would not only survive, but that they would survive with greater revenue because a greater pot suddenly appears.

**The Chairman:** Senator McElman?

**Senator McElman:** A supplementary, Mr. Chairman.

Mr. Goodson, when Senator O'Leary appeared as a witness before us, you will probably recall that he suggested if he were writing his report today he would not make such a recommendation because the magazine industry, of which you are a part in Canada—his comment was, it wasn't worth saving—"that it wasn't Canadian" I believe were his words.

**The Chairman:** In fairness to Senator O'Leary I don't think he went quite as far as to say that he wouldn't have made the recommendations. I don't think he did. I think he said he wondered if the magazine industry was worth saving today. I think you are right there, but I think if you read the transcript you will find—he went almost that far, but I don't think he went quite that far.

**Senator McElman:** Well, he is such a compelling speaker he convinced me that that was what he said. All right, he came very close to saying that the magazine industry, in his opinion, was not worth saving. What is your opinion over a period of let us say the last five or ten years. Has the Canadian magazine industry improved, held its own, deteriorated, and if so in what fashion?

**Mr. Goodson:** Well, I would hesitate to hold myself up as an expert on what each and every magazine should do.

**Senator McElman:** Well, I don't ask you to be an expert.

**Mr. Goodson:** I think each and every magazine is trying to find its particular role in the magazine industry. I think probably the classic example of that is the change in outlook of *Maclean's Magazine* over the last few

years. *Maclean's* was considered to be a thoughtful and staid magazine for a long time. Today, it is a completely different magazine and it is holding its own, whereas it had slipped for a long time. Now, that doesn't mean to say that every one of us here likes what is being done with *Maclean's*; some might harp back and say that they liked it better as it was. Each is trying to find its own and I think Senator O'Leary is probably expressing his own personal opinion for his own personal taste.

I can't put myself inside Senator O'Leary's mind, but I would suspect that after being bombarded by the Canadian magazine group for the length of time that his commission was meeting, I think he probably was upset when they turned around and jumped in bed with *Reader's Digest* and *Time* in the Magazine Advertising Bureau. They had made such strong protestations and when the whole thing was over, the protestations turned out to be another word very close.

**Senator McElman:** Phonetic reaction, action and reaction...

**Mr. Goodson:** It could be. I can't speak for Senator O'Leary but this is my opinion.

**Senator McElman:** Mr. Lowe, would you care to comment on this point?

**Mr. Frank Lowe (Editor, Weekend Magazine):** Well, I wasn't here to hear Senator O'Leary but I tried to read everything I could about it and I was puzzled; was he making the distinction that the magazines do—was he including the supplement in the magazine field? I don't know, but I don't agree with Senator O'Leary.

**The Chairman:** I don't think he was, in fairness. There was no reference made to a supplement on that day that I can recall.

**Mr. Lowe:** I think he was talking about the magazines themselves who consider themselves magazines, and the ones that don't consider us magazines.

**The Chairman:** Well, we forgot to ask him about you fellows and that was our mistake.

**Mr. Lowe:** Well, speaking up for the ignored supplement, I think our Canadian content has improved both in quantity and quality over the last five years.

**Senator McElman:** Well, as a magazine that was considered a non-magazine, what is your view of the other magazines in general?

**Mr. Lowe:** I think there has been a very genuine effort in Canada, on the part of all magazines, to put out a better product and I also feel that most of them had made a very honest effort to encourage Canadian writing and to take a good look at Canadian subjects. I am not saying that all of us have been successful, but I think the effort has been there and I think it is still there.

**Senator McElman:** Do you feel that other Canadian magazines have made a similar exertion or effort and are they becoming more Canadian?

**Mr. Lowe:** I was using this in the general term, not just about ourselves. I think all of them generally have made this effort.

**The Chairman:** Senator Sparrow?

**Senator Sparrow:** Just going back a moment to the magazine not publishing of the name of the publisher and so on, you make no provision therefore for letters to the editor for opposite views to your editorial content. Is this a good thing? How do you in the magazine industry or newspaper industry handle that sort of thing? Is it through the local newspapers?

**Mr. Lowe:** This is a problem that we have been concerned with for some time. We seriously considered the letter-to-the-editor problem, or running a letter-to-the-editor section, but found with our long lead time that very often the best letters were coming out so long after the article in question, that there was a great chance that the reader might not connect the two. What we have been trying recently has been a Counter Attack column where we solicit sharply conflicting opinion which we try to run with the article so the two will be there for the reader.

**The Chairman:** You mean there is an article taking one direction and there is a counter-attack?

**Mr. Lowe:** Well, the article will be a straightforward magazine article outlining what is going on and what the situation is and then if somebody is willing, they can have the Counter Attack column to say that this is a bad situation, a good situation, that it should exist or shouldn't exist, and this type of thing.

**The Chairman:** I am not clear on this, Mr. Lowe. If there is an article—well, let's just take an example.

**Mr. Lowe:** It is not in every issue yet.

**The Chairman:** It is not in every issue?

**Mr. Lowe:** No.

**The Chairman:** Well, let us take an article in this issue—here is one—The N.H.L. sets a bad example. That was presumably, on fighting?

**Mr. Goodson:** Yes. This was a story—"A Little Blood Won't Hurt You."

**The Chairman:** Oh. I see.

**Mr. Goodson:** It is a story on the effect of fighting in hockey, not just the N.H.L.—it is being put into junior hockey, and this is on one particular person who makes the comment that he knows why his coach puts him on—he puts him on to get into fights.

**The Chairman:** Does he play for the Canadiens.

**Mr. Goodson:** Well, the Canadiens yes, but the junior Canadiens.

**The Chairman:** Yes, I think I know who it is.

**Mr. Goodson:** And then in this article we have a Counter Attack by Mr. Herb Sullivan.

**The Chairman:** This counter attacking, Mr. Lowe, you try to do this Counter Attack in the same edition?

**Mr. Lowe:** If we can.

**The Chairman:** Do you ever Counter Attack on a subject on which there is not a story?

**Mr. Lowe:** Actually, we haven't determined the format of this...

**The Chairman:** Do you select the writer and give him the idea?

**Mr. Lowe:** No, ... Well, if we can...

**The Chairman:** Do you simply select people to write the column, or do you have ideas for the column and solicit people to write them?

**Mr. Lowe:** No. Just taking this article I would try to find a writer, show him the article and ask him what are his opinions.

**The Chairman:** Well, this particular article... Holidays, Money and Gambling is by Robert McKeown.

**Mr. Lowe:** Yes.

**The Chairman:** I recall one Counter Attack by Mr. McKeown in which the object of the

attack was the Senate. I don't ever recall an article in *Weekend* putting the Senate's position forward.

**Mr. Lowe:** No, but as I said we are not quite sure how this is going to evolve.

**Mr. Fortier:** Well, you couldn't perhaps find a writer!

**Mr. Lowe:** We do have what we call the floating Counter Attack which we think is something good and which the people are interested in and we do publish it as a counter attack.

**The Chairman:** Well, the article which Mr. McKeown wrote on the Senate. Would that be his idea or yours?

**Mr. Lowe:** Well, let us say that we discussed these things.

**The Chairman:** Well, which comes first, the article or the writer?

**Mr. Lowe:** Well, the idea would come first certainly. Usually a writer will come in and make a suggestion and I would agree with it and I would tell him to go ahead and write it. If I happen to have an idea, I will try to find a writer that could handle the job.

**The Chairman:** Do readers write you and ask for opportunities to do an article for a Counter Attack piece?

**Mr. Lowe:** Yes.

**The Chairman:** Do you have any examples of those?

**Mr. Lowe:** Yes.

**The Chairman:** Have you run any of those?

**Mr. Lowe:** Yes.

**The Chairman:** For example, which ones?

**Mr. Goodson:** Frank, if I may interrupt, we haven't done it that way for some time. This is a lead problem. You see, we are printed two and a half weeks before the article hits the street because we have to ship right across the country and then we are another two weeks into the plant, so if a letter... we found in the early days that if Counter Attack came out five or six weeks after the original article it lost the continuity and that is the problem.

**The Chairman:** Well, Mr. Goodson, we were just thinking of asking for equal space.



**Mr. Goodson:** Well we could sell it to you.

**Mr. Fortier:** Well, that was my next question. Do you pay those contributors...those Counter Attack contributors?

**Mr. Goodson:** Yes.

**Mr. Fortier:** You do?

**Mr. Goodson:** Yes.

**Mr. Fortier:** The same rate you would any journalist?

**Mr. Goodson:** Yes.

**The Chairman:** Senator Smith?

**Senator Smith:** Mr. Chairman, I have just one question on an area which hasn't been covered and it is of some interest to me. I have been advised that there are an awful lot of city dailies who have one or the other of the principal weekend magazines. I think you are very fortunate that yours is called a *Weekend Magazine* by the way. One of the largest newspapers, I think it is among the top six or eight in the country...is the one that is published in the City of Halifax in the morning and evening edition...I think it has a total circulation of the morning and evening editions of 120,000. Now, neither you nor the publishers of the *Weekend*...

**The Chairman:** *The Canadian*.

**Senator Smith:** *The Canadian* nor *Weekend* have been able to sell them this idea of a supplement. Can you tell me why this hasn't been possible? Is it expensive?

**Mr. Goodson:** No, I think it probably boils down to the fact that the publishers of that Halifax newspaper are very independent. I think I would like to toss this to our Vice President in Newspaper Relations who has had the job of selling this for quite a few years.

**The Chairman:** Mr. Louthood?

**Mr. Louthood:** The answer is very simple, I just haven't been able to sell there.

**The Chairman:** Have you tried?

**Mr. Louthood:** Yes.

**The Chairman:** Frequently?

**Mr. Louthood:** Oh yes, several times. And if you look at the history in the brief you will find that we weren't able to sell every daily newspaper in Canada from the beginning

...from 1951 right up to until, oh, I guess we were adding newspapers as recently as two years ago. It is not an automatic thing. It is not expensive...as a matter of fact, it returns a revenue to the newspaper, but it is not automatic...you don't just walk into a publisher and have him say "I will take it."

**Senator Smith:** If I am not wrong in this all of the...well, the Saint John daily newspapers and the Moncton daily newspapers have been with you from the beginning?

**Mr. Louthood:** Yes, from September 1951.

**Senator Smith:** Yes, and you are also sending it over to Prince Edward Island, to the Charlottetown newspaper?

**Mr. Louthood:** Right.

**Senator Smith:** And it was an obvious thing to me, and perhaps I am more conscious of it because I read a great many other newspapers up here, but my home is in Nova Scotia. The children down there don't even have a section of funnies to look at...it is rather an odd situation. So I thought there must be some easy explanation as to why a big newspaper...it is relatively a large one...doesn't carry this kind of service.

**Mr. Goodson:** I think it really amounts to the independent attitude of the people publishing it. We have made many representations to them and I am certain that the other newspaper magazines have as well, and I think it is simply a matter that they prefer to be completely independent of us.

**Senator Smith:** Well, as I can recall from the papers I see, the dailies who do subscribe to one or the other of these two services charge an extra nickel a weekend and I suppose that that nickel is supposed to cover the cost, if there is that much cost in the thing, to them. I am puzzled, quite frankly, and I am sure the people that live down around Bible Hill would be pleased to have this to sit around and read on the weekend.

**Mr. Goodson:** Well, if I may say, Senator Smith, you have been echoing what Mr. Louthood has been saying for years.

**The Chairman:** Mr. Louthood, is the *Chronicle-Herald* the largest paper in Canada that does not have one or the other of the weekend magazines?

**Mr. Louthood:** Yes.

**Mr. Goodson:** Well, the *Globe and Mail*...

**The Chairman:** Well, the *Globe and Mail* has its own magazine.

**Mr. Goodson:** Yes.

**The Chairman:** You have made the point—that presumably the publishers of the *Chronicle Herald* must think that they can make more money by not carrying your magazine than by carrying it?

**Mr. Goodson:** I think they feel that as a publisher . .

**The Chairman:** I am thinking of their conversion policy.

**Mr. Goodson:** Well, I don't know what the figures are on that.

**The Chairman:** You don't think that has a bearing?

**Mr. Goodson:** I think long before they had a conversion policy they didn't handle *Week-end Magazine*.

**Mr. Louthood:** The reaction that I have had on representations there, which goes back all the way to 1950, is that they just do not feel that they want this editorial feature in the newspaper and it is their opinion, their decision.

**Senator Smith:** Well, I think on behalf of the people who are forced to buy a newspaper in that kind of monopoly situation you should sell a little harder

**The Chairman:** Well, Mr. Louthood, perhaps you could take Senator Smith along on your next trip.

**Senator McElman:** Have you considered free circulation in Halifax?

**Mr. Goodson:** Well, we have discussed it but we haven't considered it. I would say that the basic decision back of that is that we still have hope somewhere along the line that they will change their mind.

**Senator McElman:** What is this conversion policy that you speak of?

**The Chairman:** Well, it has to do with advertising. We talked about it the day they were here.

**Mr. Fortier:** May not one of the reasons be that, as you say in your brief Mr. Lowe, that no subject was to be taboo. Could that possibly be one of the reasons?

**The Chairman:** For them not accepting the supplement?

**Mr. Fortier:** Yes, for them not accepting it.

**Mr. Louthood:** In the many representations we have made to them—to the publisher and to the board—they have never had anything but very nice things to say about our editorial content but they just didn't want it.

**Mr. Fortier:** Well, just following along with that sentence which states that no subject was to be taboo, I would like to turn Mr. Goodson to paragraph 14 A on page 4 where you speak of the contractual arrangement between the Montreal Standard Publishing Company Limited and the daily newspapers. You have three sub-paragraphs where you explain what this arrangement consists of. In (a)—the last sentence, I see that under this arrangement, under this contractual agreement the obligation of the member newspaper, so to speak, is to distribute a copy in each issue of its Saturday newspaper. The newspaper undertakes to distribute a copy in each issue of its Saturday newspaper. Is that correct?

**Mr. Goodson:** Yes.

**Mr. Fortier:** You undertake to deliver it in time to be included in the Saturday edition and they undertake to deliver it. Now, what do you do when in fact they don't deliver the whole copy as happened in September where you had an article on homosexuality? What do you do to your member newspapers?

**Mr. Goodson:** Well, we fight with them a little bit first.

**Mr. Fortier:** Did you know that they were going to—Mr. Bassett, for example, was going to have, I don't know how many thousands of people tear sheets out of the weekend section? By the way, I wonder if he had his people tear those pages of the homosexual article from the ones which were delivered compliments of his company in Hamilton?

**Mr. Goodson:** Yes.

**Mr. Fortier:** He did?

**Mr. Goodson:** He arranged that and I think that the bulk of them, we were able to pull out.

**Mr. Fortier:** You were warned before this actually took place, is that right?

**Mr. Goodson:** We were warned in Mr. Bassett's case on Thursday prior to the Saturday of distribution.

**Mr. Fortier:** Did you tell him that under his agreement with the Montreal Standard Publishing Company Limited, he had to distribute a copy in each issue of the Saturday newspaper?

**Mr. Goodson:** First and foremost during the conversations—that particular conversation with Mr. Bassett—I had very little opportunity to tell him anything.

**Mr. Fortier:** Well, we had the same experience with him in December.

**Mr. Goodson:** However, contractually they must distribute the newspaper; however, they do have in the contract the ability to opt out of an issue but they in turn then must compensate any advertiser that does not receive the copy.

**Mr. Louthood:** Yes, the contract allows for a publisher to make a decision that if there is any material in there for any reason, permissiveness or offensiveness, he may withhold it, but he is then responsible for...

**The Chairman:** You mean withhold the entire issue?

**Mr. Louthood:** The entire issue but he is then responsible for the refund that must be made to the advertisers for that portion of the issue.

**Mr. Fortier:** For any advertising this is on those pages?

**Mr. Louthood:** He would keep the whole issue off.

**The Chairman:** "Their whole issue", he is saying.

**Mr. Fortier:** Yes.

**Senator Sparrow:** But what about the section that was taken out in this particular case, the three or the four pages. There would, automatically, I would assume, be advertising on those pages?

**Mr. Goodson:** It happened in that particular issue that it affected, I believe, only one advertisement and this was the reason why the newspaper who disagreed with the particular feature stripped the pages rather than withhold the issue. This was one reason because they would have had to repay a rebate for everything in the issue.

**Senator Sparrow:** Did they in fact pay a rebate on the small bit of advertising?

**Mr. Goodson:** Yes they did.

**Senator Sparrow:** That was the responsibility of the daily newspaper?

**Mr. Goodson:** Yes. It was also the responsibility of the papers to pay for any stripping that they did.

**The Chairman:** Has any publisher ever exercised his right to withdraw an issue—an entire issue?

**Mr. Louthood:** Yes, once many, many years ago.

**The Chairman:** Would you tell us about it?

**Mr. Louthood:** It involved a movie advertisement I believe about 15 or 16 years ago. It was in one of the smaller newspapers and he felt that the movie ad was offensive. That is the only case that I know of.

**The Chairman:** Have there been other instances of publishers clipping out pages, as so many did on this one?

**Mr. Goodson:** This was a new one to us; this was the first time that this had happened.

**The Chairman:** When would Mr. Bassett and the others see that paper?

**Mr. Goodson:** We mail advance copies—they receive them at least a week in advance before the publication.

**The Chairman:** Did Mr. Bassett call you right away and say that he was unhappy with this article?

**Mr. Goodson:** No, as I mentioned he called on the Thursday prior to the Saturday and it obviously had not been brought to his attention until that time.

**The Chairman:** Mr. Lowe, would you describe Mr. Bassett's actions as a form of censorship?

**Mr. Lowe:** Yes. I think if you take something out of any magazine or newspaper it is a form of censorship.

**The Chairman:** Did they explain—in other words if I take the *Toronto Telegram*, which I happen to take but I don't actually recall this—these pages were removed. Was there an explanation anywhere in the daily paper or was it just left to the reader's imagination?



**Mr. Lowe:** I can't recall any.

**Mr. Goodson:** In most newspapers they did put a box in the front of the newspaper...

**Mr. Louthood:** I am pretty sure there was a box on the front page of the *Telegram*.

**Mr. Goodson:** Yes, and I think most of the others made reference to it.

**Senator Sparrow:** How many newspapers withdrew it?

**The Chairman:** Twenty-five distributed it and 14 censored it. Is that about right?

**Mr. Goodson:** No, not necessarily but I am afraid I don't have the figures with me.

**The Chairman:** Mr. Lowe, what was the reaction to the article in the papers which distributed it?

**Mr. Lowe:** We got very few outraged screams and it seemed to pass without any undue comment at all, I would say.

**Senator Sparrow:** Did it in any way force you to review your editorial policy after that?

**Mr. Lowe:** No.

**The Chairman:** Well, that was the question I was going to ask you, particularly as Mr. Goodson in his oral statement made reference to the permissive society and that the hottest publications, to use your words, were *Playboy* and *Cosmopolitan*. With those kinds of competition you must be tempted to move a little bit in that direction. Aren't you inhibited at all with this experience?

**Mr. Goodson:** No. We were surprised but I can't say we were inhibited at all.

**The Chairman:** Well, you are not inhibited now, for example?

**Mr. Lowe:** No. I don't think we would ever, in a magazine such as ours, attempt to take full advantage of the permissive society because of our distribution and so on. This particular article you are talking about did not contain any four letter words or things like that.

**The Chairman:** Well, may I just ask one other question on it. It is a supplementary to yours, Mr. Fortier, and I apologize but I just have but this one other question. Mr. Lowe, this may be a difficult question to answer but what was the rationale which led you to have

this kind of article in a weekend newspaper magazine?

**Mr. Lowe:** Well, the rationale at the time, if I recall it, was because of the discussion in Parliament at that time. Homosexuality was being discussed in Parliament; it was being reported in all the daily newspapers in Canada and it seemed to me that this was one aspect of this problem we could do without. We had no intention of offending anybody and we thought it was a legitimate field in which to move, and that is the editorial thinking behind it.

**Mr. Fortier:** The member newspapers have full discretion as to whether or not they will distribute all or part of any issue of *Weekend Magazine*, is that correct?

**Mr. Goodson:** Yes.

**Mr. Fortier:** Is this made clear to your advertisers when you sell them space?

**Mr. Goodson:** No, but we don't anticipate this as a problem inasmuch as we have been almost 20 years in existence and we have had one, I guess you would call that a major incident and one minor incident. It is not something that we are being deceptive by not telling advertisers that maybe your ad won't appear. We take for granted that it is going to appear when it is booked.

**Mr. Fortier:** Yes, but you do not control the actual appearance of the advertisement in the member newspaper.

**Mr. Goodson:** No.

**Mr. Fortier:** You do not control it in actual fact?

**Mr. Goodson:** In that particular frame of reference, no.

**Mr. Fortier:** Well, then following on from what Senator Sparrow said earlier about a masthead in the *Weekend Magazine*, don't you feel here again that you do have a duty to your advertisers to say "Gentlemen, you are paying us money to have your product advertised in this or that community but we in the end do not control whether or not that ad will appear. We don't know, it is up to John Bassett, or Mr. Blackburn, or—"

**Mr. Goodson:** I don't really think it is necessary to incorporate that into a sales presentation in that, as I say, we produced close to a thousand issues and had just one incident and in that case we would be just penalizing ourselves.

**Mr. Louthood:** If I may just add to that—the advertiser has the substantiation, the proof through the ABC reports of *Weekend Magazine* which states that all these publishers, all these newspapers have distributed so many copies of *Weekend Magazine* with their newspapers; so he does have documentation.

**Mr. Fortier:** Well, he would be equally interested in whether or not it will be published in *Weekend Magazine* the week that his advertisement appears.

**Mr. Goodson:** We can as for instance not guarantee, nor can anyone else, that a strike won't stop it.

**Mr. Fortier:** Well, I think this is somewhat different here. Tell me did any one of the publishers—I don't mean necessarily Mr. Bassett...

**Mr. Goodson:** He was the last to come to.

**Mr. Fortier:** The last but most vocal. Did any one of the publishers indicate to you on what basis they were not going to allow their readers to see that article? Did any one of them tell you that?

**Mr. Goodson:** Yes, they picked about three different reasons.

**Mr. Fortier:** Could you tell us?

**Mr. Goodson:** Well, there was one reference to a young boy and his first introduction to homosexuality. We did not think it was sensationalism. We put it in thinking in terms of a warning to parents that these things could happen.

**The Chairman:** Is this the question you asked?

**Mr. Fortier:** No, but I will let Mr. Goodson give me this answer.

**The Chairman:** I think what he was asking you was what were the objections they had?

**Mr. Fortier:** How did they set themselves up as defenders of their readers' public morals?

**Mr. Goodson:** Really, I don't think anybody stated why they set themselves up as the defenders of public morals.

**Mr. Fortier:** Did anybody say that it was obscene or that people in Toronto shouldn't read that?

**Mr. Goodson:** Well, in their opinion as publishers or editors it was not a fit article to be read by their readers.

**Mr. Fortier:** Did they tell you why?

**Mr. Goodson:** In each instance I believe the comment was made that if it had been edited differently it would have been acceptable. It wasn't the fact that it was a homosexual article, but they did object to portions of it. Different publishers saw something wrong in different areas and they were all talking to each other.

**Mr. Fortier:** Did any one of them say to you—"we have a responsibility to not let our readers read this sort of article"?

**Mr. Goodson:** Oh, I would really not—it is not something that is engraved on my mind as to what exactly they did say. You must remember that I was talking over a period of a day and a half to something like 20 or 25 different people and every time the phone rang I said "Ah, here is another vote, which way is it going."

**Mr. Fortier:** Did you at any time—you or Mr. Lowe—attempt to convince your interlocutor of the error of his ways; that you were right and he was wrong—that every newspaper reader in Canada—everyone of your two million odd subscribers should be allowed to read it?

**Mr. Goodson:** Certainly.

**Mr. Fortier:** You did?

**Mr. Goodson:** Yes, and some of them took a couple of days before coming to a final decision.

**Mr. Fortier:** We consider this very important, as the Chairman said earlier, as a form of censorship, which has been exercised by individual publishers. Did you at any time say to them or any one of them, that people in Toronto, let us say, would not be allowed to read it but people in Montreal will? Did you use that argument?

**Mr. Goodson:** Yes.

**Mr. Fortier:** To no avail?

**Mr. Goodson:** To no avail. They were aware of it and in actual fact in some of the chains there was no agreement throughout the chains for instance. Some did, some didn't. Winnipeg didn't, but Vancouver did. It was a matter of opinion, or personal opinion of the editor or the publisher.

**The Chairman:** Senator McElman?

**Senator McElman:** Did you in fact, by your argument, change the initial opinion of any of them who said we will not carry that and they eventually did carry it as a result of your discussions with them?

**Mr. Goodson:** Well, there were some who called to find out what was being done without having made up their minds one way or the other and then some fell on one side of the fence and then some on the other. Now, whether or not I sold them or whether they were wavering enough that they decided themselves, I don't really know. I don't really know how much anything I said affected them. I think they made up their own minds on it. Some called and said "What's being done" and then they decided themselves—it fell both ways. The ones that carried it carried it quite happily in most instances.

**The Chairman:** May I say to the Senators that we have another brief which we will be receiving this morning from Southstar. There may be some other questions for these people, but I think we have perhaps dealt with this particular line of questioning at sufficient length. I would like to conclude this brief in approximately ten minutes if we can.

**Senator Sparrow:**

**Senator Sparrow:** Almost without exception, in the presentations we have had before this Committee, we have been assured by the publishers that they have in no way interfered with editors or editorial content. This appears to me that if the 14 newspapers are—if this was a correct figure—it seems to me that there were at least 14 of them that interfered with editorial content. Would you agree with that statement?

**Mr. Goodson:** Well, they obviously interfered with it because they removed it.

**Senator Sparrow:** In your brief in paragraph 13A you refer to distribution of your magazine door-to-door in some cities. You go on to say:

"Weekend Magazine is distributed door to door in the cities of London, Hamilton, Regina, Saskatoon and Edmonton to 70 per cent of the households in those cities."

How do you determine 70 per cent and who are the 30 per cent in those cities that don't get that magazine?

**Mr. Goodson:** It is an arbitrary decision when it boils down. We don't think it is necessary to distribute to 100 per cent; the cost would be that much higher and we have arrived at that as a figure that is a good figure commercially. We have some areas that we eliminate from the standpoint, some high rise areas which can be difficult and we tend to move to the middle income bracket.

**Senator Sparrow:** So the 30 per cent portion is perhaps then the low income areas that wouldn't be receiving...

**Mr. Goodson:** It is a combination of low income and say the high rise apartment areas which can be difficult to deliver to.

**Senator Sparrow:** Why would high rise be difficult?

**Mr. Goodson:** We don't want the magazine stuck—200 stuck in one pile when they can be delivered to an individual box and that is satisfactory. I think Mr. Louthood could perhaps answer that question.

**Mr. Louthood:** Generally speaking we aim at 70 per cent of the better income areas but the high rise that Mr. Goodson was referring to—we do not allow the distributor to put a pile of 50, say, in the apartment lobby. We don't allow this unless he can deliver them door-to-door to the apartments or in the individual mail boxes; and if he can't do that we cannot do that apartment.

**Senator Kinneare:** Are there any restrictions on you going in to put them in the mail boxes?

**Mr. Louthood:** I am afraid I couldn't answer that question.

**Senator Kinneare:** Well, I think that is important.

**Mr. Louthood:** I think in many cases they had arrangements with the superintendents in the buildings. I am afraid I just can't answer your question.

**Senator Kinneare:** I think only the post office department should be putting mail in the boxes.

**Mr. Goodson:** Well, the post box in an apartment for newspapers is not necessarily—I don't think is an official post box, is it? The one with the key is, but I believe they do have brackets for packaged delivery.



**The Chairman:** Not in Senator Kinnear's apartment.

**Senator Smith:** I notice the reference that Senator Sparrow just made—you distribute *Weekend Magazine* in this fashion in two cities like Regina and Saskatoon and Senator Sparrow tells me just now that the general population in those particular areas would be about a hundred and...

**Senator Sparrow:** Forty thousand.

**Senator Smith:** One hundred and forty thousand each, and it makes me more puzzled. Why don't you do this same thing in this Halifax-Dartmouth complex? I am sure that there are 200,000 people that live there now.

**Mr. Goodson:** As I explained earlier we would still like to consider Halifax as a potential newspaper...

**Senator Smith:** Well, it has had potential for 20 years.

**The Chairman:** Well, let me ask you this. If our friends from Southstar who are going to come in a few minutes were able to sell the *Chronicle Herald* on carrying *The Canadian* in their paper, would you all of a sudden appear on the mail boxes in Halifax?

**Mr. Goodson:** Well, inasmuch as the President of Southstar is here I am not about to reveal our competitive strategy.

**The Chairman:** Well, is there a pretty good chance that you would?

**Mr. Goodson:** I would prefer not to comment.

**The Chairman:** Well, I think you have answered it before.

**Mr. Goodson:** Well, I would say that we would certainly give it some consideration.

**The Chairman:** Senator McElman?

**Senator McElman:** Each of these other cities are ones in which a competitor does distribute, is that correct?

**Mr. Goodson:** Yes, that is not a coincidence.

**Senator McElman:** It is rather significant.

**Senator Sparrow:** As a social type of magazine, particularly in the articles and so on, it seems to me that you are distributing it for the benefit of the advertiser rather than 30 per cent of the people who might very well

benefit from these articles on possible social changes, and so on. It seems to me that if you are distributing it on a widely free basis that there is a definite discrimination against the low income people in the cities that are not receiving this newspaper. Really, if your plan is, and I appreciate your plan is to make a profit, well, isn't there discrimination in that aspect?

**Mr. Goodson:** Well, I think you would have to apply that to virtually any controlled circulation publication that exists. We don't believe so.

**Mr. Fortier:** I don't know of any controlled circulation publication though that controls its circulation on the basis of low or high income.

**The Chairman:** Oh, yes.

**Mr. Goodson:** There are many.

**The Chairman:** Many of them do.

**Mr. Goodson:** The markets are selected for commercial reasons.

**Mr. Fortier:** As opposed to a particular sector of the community?

**Mr. Goodson:** Well, community not in terms of geography, yes.

**Mr. Fortier:** No, but in terms of professional competence...

**Mr. Goodson:** Certainly.

**Mr. Fortier:** But not necessarily...

**Mr. Goodson:** Well, taking this down this way, a controlled circulation magazine going into the building industry, would then have to be distributed to each and every individual carpenter, and so on.

**Mr. Fortier:** I still think Senator Sparrow's point is well taken. A magazine catering to the building industry is not one or the same as one like yours which caters, as you said in your oral comment, to a broad social spectrum. How broad is a social spectrum?

**Mr. Louthood:** Well, I suppose it is economic, but you must remember, too, that in your 30 per cent, there are illiterate areas of the city where hardly any magazine or newspaper or periodical reaches.

**Senator Sparrow:** Exactly. This is my point.

**Mr. Louthood:** It is an economic or arbitrary decision as to how many you are going to distribute within terms of...

**The Chairman:** What percentage of people in Edmonton are illiterate?

**Mr. Louthood:** I couldn't answer that question.

**The Chairman:** Do you think it is one per cent?

**Mr. Louthood:** Well, I have no idea.

**The Chairman:** Well, you used the word illiterate, Mr. Louthood—you said you don't distribute to the illiterate section...

**Mr. Goodson:** I suspect he shouldn't have used that word.

**Mr. Louthood:** Well, you do have illiteracy in the English language.

**The Chairman:** Well, you don't have illiteracy in Edmonton, or Regina, or Hamilton, or Toronto?

**Mr. Louthood:** Well, you have your foreign population.

**The Chairman:** Well, you could hardly call the foreign populations illiterate?

**Mr. Goodson:** Well, at any rate he is using the term illiterate in the sense of reading English rather than in the terms of education.

**Senator Sparrow:** It is a straight economic thing.

**Mr. Goodson:** It is straight economics.

**Senator Sparrow:** I have just one other question and I would like to yield to Senator McElman in a moment. I would like to ask you about MagnaMedia, but perhaps we won't have time and I will ask the next group about that. However, in 14 (c) you say:

"All publishing and printing costs are reported and open to verification by auditors named by the Weekend Magazine member newspapers. After all costs have been met from advertising revenue, the balance, if any, is refunded to the member newspapers pro rata circulation, with a share to The Montreal Standard Publishing Company Limited."

Two questions. One, what shares goes to the Montreal Standard Publishing Company Limited if there is a profit and if there is a loss, who covers the loss?

**Mr. Goodson:** If there was a loss, it would be covered similar to a profit pro rata circulation. We haven't had one.

**Senator Sparrow:** You haven't had one?

**Mr. Goodson:** No.

**Senator Sparrow:** And the profit?

**Mr. Goodson:** Can we say this in camera?

**The Chairman:** Well, if you would prefer to write us on it, that would be fine.

Mr. Fortier?

**Mr. Fortier:** Mr. Louthood, you are a director of Perspectives Inc?

**Mr. Louthood:** Yes.

**Mr. Fortier:** Who are your co-directors?

**Mr. Louthood:** Mr. Fortier, we have a board of 11 co-directors. I think we are on record with the president that I can't speak for Perspectives Inc. but I can speak for *Montreal Standard* which does public relations for *Perspectives*.

**Mr. Fortier:** Well, I believe this is important...

**Mr. Louthood:** The co-directors are the other representatives of the newspapers publishing *Perspectives* who own Perspectives Incorporated, who are the majority shareholders.

**Mr. Fortier:** Mr. Chairman, since we do not have anyone from *Perspectives* here as a witness...

**The Chairman:** Well, Mr. Louthood is a director of Perspectives.

**Mr. Fortier:** Exactly, and that is why I was asking the question and I gather Mr...

**Mr. Louthood:** Mr. Mercier is in the room.

**Mr. Fortier:** And I think perhaps the question should be directed to him.

**The Chairman:** Well, what is the question?

**Mr. Fortier:** It is a twofold question. What is the share distribution...

**The Chairman:** Well, if I may say to Mr. Mercier, who I believe is still here—we could not alert him to this possibility and I don't know whether he would care to have this question put to him or not. In fairness to him, if he doesn't want it put to him I don't think we can. If he would agree to answer we would of course be delighted.

[Translation]

**Mr. Fortier:** Mr. Mercier, would you tell us

who are the shareholders of Perspectives Inc. and who are its Directors, please?

**Mr. Alfred Mercier, Editor of "Perspectives":** The shareholders are the member newspapers, meaning, "*La Presse*"...

**Mr. Fortier:** Could you go on, please? I asked you if you could give us the distribution of the shares of Perspectives Inc. and then give us the names of the Directors of the company?

**Mr. Mercier:** The share capital of Perspectives Inc. is divided into three classes. Class A, 7,700 shares, held by the member newspapers, I believe that you have the list, Mr. Fortier. The B shares, 2,300 shares, are held by the *Montreal Standard*. And Class C, 1000 shares, are owned by the *Montreal Standard*. The Directors of Perspectives Inc. are the member newspapers; one representative per newspaper. In the case of newspapers with more than 125,000, they are entitled to two directors. Under the circumstances, these are "*La Presse*" and "*Le Soleil*". *Montreal Standard* is entitled to two directors.

**Mr. Fortier:** Are all the Class A, B and C shares entitled to the same privileges, or are there privileges that are particular to them?

**Mr. Mercier:** The Class C does not have the same privileges—what do you understand by "privileges"?

**Mr. Fortier:** From the point of view of shares, the strongest?

**Mr. Mercier:** The Class A and Class B, have voting rights.

**Mr. Fortier:** In equal proportion, or...

**Mr. Mercier:** In equal proportion. Except, there is a clause—there is an agreement that nothing can be changed, unless two-thirds of the majority, unless two-thirds of the shares...

**Mr. Fortier:** Do you mean to say that the Letters Patent of the company cannot be changed?

**Mr. Mercier:** Yes, exactly, the Letters Patent.

**Mr. Fortier:** This cannot be done, regardless of the resolution, by an application?

**Mr. Mercier:** The Letters Patent, the basis, the by-laws of the company.

**Mr. Fortier:** And the Class C shares, the 1,000 shares held by *Montreal Standard*, are non-voting shares?

**Mr. Mercier:** No.

**Mr. Fortier:** Are these shares of a preferred type?

**Mr. Mercier:** That is not a privilege, that was simply to establish the proportion of 26 per cent. No member can hold more than 26 per cent of the shares.

**Mr. Fortier:** No member can hold more than 26 per cent?

**Mr. Mercier:** That is correct.

**Mr. Fortier:** *Montreal Standard* has 3,300 shares, is that correct?

**Mr. Mercier:** Yes.

**Mr. Fortier:** And the member newspapers, 7,500?

**Mr. Mercier:** 7,700.

**Mr. Fortier:** Now then, "*Perspective-Dimanche*", I believe that only "*Dimanche-Matin*" holds...?

**Mr. Mercier:** "*Perspectives-Dimanche*" was formed, because—that is a rather long story.

**Mr. Fortier:** Was it because the paper appeared the next morning?

**Mr. Mercier:** Not exactly. We had a vacuum in Montreal, and "*La Presse*" did not wish to participate in "*Perspectives*" unless it had control of the shares, to which we never wished to consent.

**Mr. Fortier:** Is that "*La Presse*" after the new administration or before?

**Mr. Mercier:** Before. So, in order to fill that vacuum, we finally approached the "*Dimanche-Matin*" and they distributed "*Perspectives*" as such. When the new administration of "*La Presse*" appeared, which agreed to distribute "*Perspectives*", we were of the opinion that we could not drop "*Dimanche-Matin*". So, at that time we published "*Perspectives-Dimanche*" with an entirely different editorial content as "*Perspectives*". In order to avoid that duplication, we thought that we should have an altogether different editorial content. The advertising makeup is exactly the same, except that the advertisers have the option to advertise one week earlier or one week later, or to make an arrangement in that manner.



**Mr. Fortier:** Is "*Dimanche-Matin*" the only one distributing "*Perspectives-Dimanche*"?

**Mr. Mercier:** Only "*Dimanche-Matin*".

**Mr. Fortier:** And the editorial content is written by the team of the "*Dimanche-Matin*"?

**Mr. Mercier:** By the team of "*Perspectives*".

**Mr. Fortier:** Of "*Perspectives*" or of "*Perspectives-Dimanche*"?

**Mr. Mercier:** That is the same personnel, with the same Director, Pierre Gascon.

**Mr. Fortier:** So, that means that the team of "*Perspectives*" publishes two newspapers per week?

**Mr. Mercier:** The team of *Perspectives Incorporee*. The team of *Perspectives Incorporee* published two magazines: "*Perspectives*" and "*Perspectives-Dimanche*".

**Mr. Fortier:** Is there ever a duplication in the text?

**Mr. Mercier:** In the text, yes.

**Mr. Fortier:** Thank you.

[English]

**The Chairman:** Thank you very much, Mr. Mercier.

I am going to suggest the following. I think that one of the matters we had wanted to talk to you about and we haven't is the operation of MagnaMedia which I think is an important part of the discussion we are having this morning. I am going to suggest, however, that we perhaps adjourn for five minutes but following the adjournment we receive the brief from Southstar. If we could prevail upon you Mr. Goodson—I don't like to do this, it is an unusual procedure, but if you wouldn't mind staying for the balance of the morning—when we come to discuss MagnaMedia I think, in fairness, that perhaps not all of our MagnaMedia questions should be put to the Southstar people. If you could perhaps be available in the room we would be most grateful. It is now 11.40 a.m. and I am going to suggest that we adjourn for five minutes and reconvene at 11.45 a.m. to hear the Southstar brief.

.. A short recess.

**The Chairman:** Honourable senators, if I may call this session back to order. The

second brief we are going to receive this morning is from Southstar Publishers Limited, publishers of *The Canadian* and *The Star Weekly*. Sitting on my immediate right is Mr. E. J. Mannion, who is the President and Publisher of *The Canadian Magazine* and the President of Southstar Publishers Limited. On my immediate left is Mr. Michael Hanlon, the Editor of *The Canadian Magazine*, and sitting on Mr. Mannion's right is Mr. George Floyd, who is the comptroller of Southstar Publishers Limited.

I should perhaps add that I am grateful to Mr. Goodson for remaining in the room and we are, as I said, grateful to Mr. Goodson and his colleagues.

Mr. Mannion, I must say that the brief you have prepared for us was received three weeks in advance. I know you were here earlier this morning so I won't take time to go through all the things I usually say at this point, so why don't you just proceed with your oral statement.

**Mr. J. Mannion, President, Southstar Publishers Limited:** Thank you Mr. Chairman and honourable Senators. Thank you for the opportunity to meet with you and to present our ideas. Mr. Hanlon and Mr. Floyd have already been introduced so I won't comment further on them. I am delighted, however, that two of our Directors are also with us this morning—Mr. Honderich, who is the President and Publisher of the *Toronto Star* and Mr. Fisher who is the Vice President and Managing Director of Southam Press Ltd. Both of them are directors of Southstar Publishers Limited.

We will be pleased to answer any questions you may have for us and to provide you with the details and information you are seeking.

Our written brief has given you the complete details of our corporate structure: our history, the performance and the effectiveness of our publication, our editorial content and philosophy, the economic state of our industry, and the steps we are taking to improve our present position.

I would like to summarize that submission as briefly as possible. But perhaps before I do, because of the fact that our publications seem to cause some confusion to some people, I would like to show you what they are.

This is *The Canadian* magazine which is distributed in 12 daily newspapers in Canada and has a total circulation of a million six, one hundred thousand. It is the exact same publication as the *Star Weekly* log type which

is sold on newsstands and from door-to-door by newsboys and has a circulation of approximately 400,000. It is the identical magazine; but in the *Star Weekly* version we add three additional sections: *The Canadian Panorama* was introduced about 18 months ago and is a potpourri of various happenings and events in Canada which are of interest to a great many Canadians but which do not have the significance to justify being in the magazine or rotogravure section. Secondly we carry a novel, traditional feature in the *Star Weekly* and which receives a great deal of interest from our subscribers. We also have 12 pages of coloured comics. Once a month in addition to that, we publish *Canadian Homes Magazine* which runs as a supplement in both *The Canadian* and the *Star Weekly*. It is a publication entirely devoted to new trends in housing in Canada, do-it-yourself, ways to build condominiums, et cetera. Those basically are our publications.

That we continue to publish a distinctively Canadian magazine is of great concern to us. Magazine journalism—and especially colour photo journalism which we practise perhaps more than anyone else in this country—is an important and indeed vital branch of the media.

Newspapers report the news events as they happen, interpret them fully in many cases, and do an excellent job. Television and radio bring an even greater immediacy to the public's relationship to events. However they do not bring to the issues the same depth of reporting and interpretation that newspapers do. Magazines present yet another perspective.

We cannot attempt to cover news events as they happen, yet we can add depth and dimension to their presentation to the public. We can gather together the loose threads of stories that have never been told completely. We can show, through colour-photo journalism, aspects of Canada and Canadian events that are often unavailable in other media.

I feel our role is distinctive and vital. We produce one of the only two English language national newspaper distributed magazines and the only national Canadian weekly magazine on sale on the newsstands in Canada today. Is it not, therefore, extremely important that we continue to publish a vital, distinctively Canadian magazine?

The Canadian magazine delivers more than 100 editorial pages a month into over two million Canadian homes (that is almost 50 per

cent of all the English speaking homes in Canada). The *Star Weekly* portion of our circulation delivers almost 200 editorial pages a month. No Canadian periodical, and few in the world, deliver that much editorial content. Most important, all of it is of specific interest to the residents of Canada.

We realize that we have a great responsibility which goes with the size of this publication. We are very conscious that we speak to the whole country and try to give a national view to as many issues as possible. We know that our viewpoint on a particular subject will be brought to the attention of a very significant segment of the population.

There is no room for irresponsible action. There is, however, room for irreverence, room for an ironic sidelong glance at many institutions or principles that some hold sacred, room for questioning, room for refusing to accept the pat, readily available answer, room for digging a little deeper than some people might wish, room occasionally for shocking, and, quite often I hope, room for giving the people of Canada a good belly laugh.

All of these things are possible for us. The people of Canada are fortunate indeed in having a completely free press. I think they are fortunate also in the fact that we can publish each week an independent magazine with complete freedom. Fortunate too, that the parent companies of Southstar Publishers (Southam Press and the Toronto Star) saw the need for a publication such as ours and was prepared to carry it financially through its very costly launching and initial operating difficulties.

It is a safe assumption, I think, that because of the tremendous costs involved, and the competitive factors presently in existence, there will never be another national magazine launched in this country. This is tragic, in my judgment, considering the need for as many channels of communication as possible in a changing and developing country, but it is nevertheless an economic fact of life in Canada today.

It is my fervent hope that this Committee will recognize the great economic difficulties of publishing magazines in this country, the necessity for such magazines to be available to the Canadian public to help create and build a Canadian unity, Canadian awareness and Canadian pride.

We think that the launching and development of Canadian magazines is extremely



important. We subscribe entirely to the contention of Mr. Lloyd Hodgkinson, publisher of *Chatelaine* magazine. You will recall, he told this committee that his publication "*Miss Chatelaine*" could not have come into existence without the protection written into the law in 1965 that this allowed the cost of advertising in the Canadian edition of an American magazine as a tax deductible business expense. Had this law not been passed, he said, "*Seventeen*" magazine would have come into Canada with a Canadian edition and cut the market out from under "*Miss Chatelaine*."

We believe that Canada will never have a viable periodical press as long as foreign publications of any kind are allowed to dump editorial matter into this country at a fraction of the cost.

We believe that it would be possible for new Canadian magazines to begin publishing in future if they did not have to compete head-to-head with subsidized publications from other countries. Canadian communications media expect and welcome competition, and the Canadian public is better served because of it. But even existing Canadian publications find it extremely difficult to operate in an unequal competitive situation.

Our readers obviously represent a cross-section of the whole of Canada. Their reactions to our articles firmly indicate to us that they are sufficiently interested in the Canadian viewpoint in all matters that they strongly support this contention.

I included excerpts from many letters in my written brief. I am proud of those letters because they arrived unsolicited, commenting on our attempt to build a Canadian identity, even though we have never publicly stated that it was our intention to promote Canada. We are pleased, of course, to find that our message is getting through to our readers by our performance alone.

Here is a letter that arrived just last week that perhaps sums up the way a lot of our readers feel. It is not a very significant letter—there certainly is no major issue involved. It is a completely unimportant subject, and to a degree it is corny. But I think it sums it up. We carried an article just the week before last... a fashion article on women's dress and was entitled "Vested Interest." I received this letter and this is the type of letter that we receive a great deal of and I would like to read it to you.

"Just a note to tell you how great I think your *Canadian Magazine* is. One of the features I like best is the fashions by Helen Myer. At this minute I am looking at her "Vested Interest" feature. It is as chic as anything that one might find in *Vogue*. Yet, it's Canadian. Hooray! Good for her! Good for you! I have nothing to do with fashion, no vested interest but I just thought you should be commended."

This is what we are trying to do. We are trying to present a Canadian viewpoint in every possible area. It is an extremely difficult thing to do but I think that letter sums up the type of reaction that we are getting from the ordinary individual Canadian.

**The Chairman:** Thank you very much, Mr. Mannion. I think the questioning will begin once again with Senator Sparrow.

**Senator Sparrow:** We would like to get into a discussion on MagnaMedia but to start with I noted that the last of your comments were with regard to letters to the editors. I note that you do print the publisher's name in *The Canadian Magazine*, and the address and editor's name. Where do your letters to the editor go? Do they go directly to your magazine?

**Mr. Mannion:** Both; but we get a great many letters in our office because we do carry on our editorial masthead, our name and address and we therefore get literally hundreds of these letters.

**Senator Sparrow:** Direct?

**Mr. Mannion:** Direct.

**Senator Sparrow:** Would you receive most of your letters direct then?

**Mr. Mannion:** Yes.

**Senator Sparrow:** On the question that you brought up in your verbal remarks on the overflow of U.S. publications, are you recommending or suggesting any control on those at this time, and if so what type of controls?

**Mr. Mannion:** Not a control by any sense of the imagination in the distribution of any of the publications, but rather the fact that I believe as Mr. Goodson stressed, the recommendations of the O'Leary Commission should be adopted, even though it is five years later. That all non-Canadian publications be exempt from the income tax provisions.



**Senator Sparrow:** Including *Reader's Digest* and *Time*?

**Mr. Mannion:** Right.

**Senator Sparrow:** Do you have any free circulation?

**Mr. Mannion:** No, we do not.

**Senator Sparrow:** You referred again to the...

**The Chairman:** Senator Sparrow, I just wanted to ask this before we leave the *Reader's Digest* and *Time* situation. You subscribe entirely to Mr. Goodson's views, do you?

**Mr. Mannion:** Yes, I would say so.

**The Chairman:** Fine.

**Senator Sparrow:** You gave examples verbally and in your brief of a number of complimentary letters to the editors. There was no example of non-complimentary ones.

**Mr. Mannion:** Well, we get very few. We get some, but very few, and generally when we do we get them they are on a specific subject that someone disagrees with the way we presented. For instance, we had a flood of letters not long ago because we reported a story on the disintegration of the British Empire; so we had all the monarchists in Canada writing us and telling us that we were all wet.

**The Chairman:** I may say for your interest, Mr. Mannion, that I received a number of letters on that as well.

**Mr. Michael Hanlon (Editor of the Canadian Magazine and the Star Weekly):** I just might add a comment here and say that we published quite a few of those letters, or excerpts from those letters, on this subject.

**The Chairman:** Was that the largest negative response you have ever had?

**Mr. Mannion:** It probably was. Mr. Hanlon could probably answer that better than I could.

**Mr. Hanlon:** Yes, as far as I can recall I would say it was the largest negative response, not the largest response.

**The Chairman:** But the largest negative response?

**Mr. Hanlon:** Yes, I would think so.

**The Chairman:** I recall a very controversial profile you did on Premier Thatcher which I think engendered quite a response.

**Mr. Mannion:** Yes, that was before my time.

**Mr. Hanlon:** It generated a noisier response.

**The Chairman:** But that was before the both of your times?

**Mr. Hanlon:** No, I was with the magazine then and I remember that vividly.

**The Chairman:** How would it compare in size to this British Empire response?

**Mr. Hanlon:** I don't know, Senator, I am afraid because I wasn't editor then. I know it very well because I was our western correspondent at the time and I was almost afraid to go into Saskatchewan.

**The Chairman:** Did you write it?

**Mr. Hanlon:** No, I didn't write it. Some Alderman wrote it.

**The Chairman:** Mr. Fortier?

**Mr. Fortier:** Did you get any number of positive letters following the publication of your article on the monarchy?

**Mr. Mannion:** Yes, we got some, very definitely. And an unusual number of people spoke to me personally about it; I would say they were split probably 50-50 in that area—some tore strips off me and others told me that they read the article and it made a great deal of sense and that it was completely factual, et cetera.

**The Chairman:** Who wrote that article?

**Mr. Mannion:** Mr. Dave Cobb.

**The Chairman:** Senator Sparrow?

**Senator Sparrow:** In paragraph 20 of your brief you say:

"By comparison to the United States, Canada unfortunately has very few consumer magazines today."

What comparison figures are you using? Isn't the readership of Canadian magazines greater than that of the United States when you take into consideration their magazines and your magazines are distributed weekly?

**Mr. Mannion:** I don't know that it is greater so I really cannot answer that question. I just know that there are a great many more

magazines obviously available in the United States than there are in Canada and I do not know what the readership figure might be.

**Senator Sparrow:** Well, you are saying that there are obviously more American magazines but not necessarily a greater readership?

**Mr. Mannion:** Not necessarily. I do not know the answer to that.

**The Chairman:** I think Senator Sparrow's question relates to an assertion by Mr. Ron McEachern who said that on a per capita basis we read more magazines in Canada than in the United States. That was his contention.

**Mr. Mannion:** It might be because they are better selling, they sell more magazines per household in Canada, but it is debatable whether they are more read in Canada.

**The Chairman:** Well, I do not want to be unfair to Mr. McEachern...

**Senator Everett:** He was speaking only of *Maclean's* and *Chatelaine*.

**The Chairman:** Thank you, fine. Senator Sparrow?

**Senator Sparrow:** In paragraph 21 you say:

"We are proud to say that our editorial content is 99 per cent Canadian..."

I would like to know how you define Canadian content. You use such a high figure. I ask this question in relation to such things as pollution—you know that you must refer to the North American situation in such an article; you also referred in your brief to coverage of world wars which, again how much would be Canadian content—and articles such as that. How do you define Canadian content? How do you arrive at a basis of 99 per cent?

**Mr. Mannion:** Every article that we carry, or almost article that we carry—there is the odd exception—almost every article that is run in the *The Canadian Magazine* is either written about Canada or interpreting a major event to Canada because of a specific Canadian interest. When we write about wars, for instance, we write about General Crerar or General McNaughton, or whoever it might be that has been involved who is a Canadian. Certainly the event is not a Canadian event, but when we write it it makes it a Canadian event because it is only written from a Canadian point of view.

Would you like to add to that Mr. Hanlon?

**Mr. Hanlon:** Well, since you mentioned the wars—World War II the way we covered the anniversary of World War II was to talk to people living in Canada who are now Canadian but weren't at the time and what their reaction was at the outbreak of World War II. Now, we considered that that was definitely Canadian content because they are now Canadians and part of our country in which we live. That definitely is Canadian content because it gives a Canadian angle to it.

**Mr. Mannion:** Plus the fact that a couple of years ago we sent one of our writers to retrace General Simonds' steps through Europe but this was written from General Simonds' point of view as Canadian Commander on what he saw 25 years later.

**Senator Sparrow:** Is there a simple definition of Canadian content?

**Mr. Mannion:** Well, let me put it this way. We would never cover the Republican Convention in the United States. We would never cover any subject of that nature except if there was a specific Canadian angle. I will give you an example that we considered—and it could be considered borderline. Just last week we carried an article on North Vietnam. We carried it because Michael Maclear of the C.B.C. was the first North American correspondent to be allowed into North Vietnam in three years. We felt that Canada who has only seen the one side of the Vietnam situation would like to see through the eyes of a Canadian photographer what was happening in North Vietnam and we considered that Canadian content. It is written specifically for Canadians.

**Mr. Hanlon:** From a Canadian point of view—his point of view as opposed to the views of a North Vietnamese, or an American correspondent, or French correspondent.

**Senator Sparrow:** How does that 99 per cent figure that you used compare with *Week-end Magazine*, or *Maclean's* magazine, or others?

**Mr. Mannion:** It is higher. It is higher than any other Canadian periodical.

**Senator Sparrow:** Is that an arbitrary figure—that 99 per cent?

**Mr. Mannion:** It is, yes.

**The Chairman:** Do you make this judgment about being so nationalistic—now, I don't think there is anything wrong with that at

all, but to what extent do you make that judgment—and I am not, Mr. Mannion, even by implication questioning your Canadianism or your motives, but to what extent do you make that judgment based on readership studies and research you have done which indicates a growing requirement for this type of material in Canada?

**Mr. Mannion:** Well, I think I should go back to when I first joined *The Canadian*. I had been living in the United States, but I am a Canadian, and I had spent a great deal of time in the United States prior to actually moving there. Then actually actively living there, the thing that struck me most about the United States was the tremendous nationalistic pride that most Americans felt. It was my contention that this same nationalistic pride existed in Canada but it was somewhat beneath the surface. The people seemed content to hide their nationalistic pride but nevertheless it is there. We felt that we were performing a service to the country because we were telling people what they really wanted to know, and we were talking about Canadian accomplishments and what people were doing in the world who were Canadians, et cetera. The letters that we have received, as I say, indicate to us that we are right. We have not done readership studies or research. I don't know how you would do research to determine whether this is really what the people want because I am not certain that the people know that this is what they want; but the tremendous response that we have had—unsolicited letters which is not normal in this business—not normal at all—indicates to me that we are on the right track. We receive literally hundreds of letters.

**The Chairman:** I would just like to ask you why you aren't into free circulation?

**Mr. Mannion:** Because we see no need for it. It costs a lot of money and we are out to sell *The Star Weekly*. Senator Smith was commenting about Halifax...

**The Chairman:** Well, I would like to ask you about Halifax if he doesn't.

**Mr. Mannion:** Well, if we put free circulation into Halifax—we sell 11,000 copies each week of *The Star Weekly* in Halifax and we have no desire to disrupt that. Eleven thousand copies times 25 cents times 52 is a lot of money.

**The Chairman:** But you would presumably disrupt that if you sign a contract with the *Chronicle-Herald*?

**Mr. Mannion:** Well, on the right terms.

**The Chairman:** Are you attempting to sell the *Chronicle-Herald*?

**Mr. Mannion:** Not at the present moment.

**The Chairman:** Would you be alarmed if *Weekend* sold the *Chronicle-Herald*.

**Mr. Mannion:** Not really, because as I say, my chief concern at this moment is very much governed by *The Star Weekly*. *The Star Weekly* is extremely important to us for many reasons, not the least of which is the fact that if we sell the product we know that the product is good. We know *The Canadian* is good because it is the same product. As I say, it is economics. I don't want to disrupt \$150,000 a year business in Halifax by knocking *The Star Weekly*.

**Senator Smith:** Mr. Chairman, may I just ask a question?

**The Chairman:** Yes, of course.

**Senator Smith:** Could you tell me just how many copies of *The Star Weekly* you sell in the Province of Nova Scotia?

**Mr. Mannion:** I would be guessing, but I would say around 30,000.

**Senator Smith:** Well, I see it everywhere so I am not surprised.

**The Chairman:** You have no concern about the fact that your competition is in the controlled circulation business?

**Mr. Mannion:** Certainly it is a concern. I recognize the fact that it makes *Weekend* a two million circulation publication, the same as we are a two million circulation publication. I am certainly aware of it and I probably under similar circumstances would have done exactly as they did.

**Senator Sparrow:** In paragraph 30 you say:

"Despite the economics of magazine publishing, we do not cut our editorial content if advertising lineage drops. We run between 22 and 26 editorial pages in every issue of *The Canadian*, even if we have only one or two pages of advertising."

Does that in fact happen?



**Mr. Mannion:** Absolutely.

**Senator Sparrow:** Where you have only one or two pages of advertising?

**Mr. Mannion:** Well, let me see. We have been as low as two or three pages of advertising and I don't recall that we ever had an issue of only one or two pages of advertising. We have been as low as two.

**Senator Sparrow:** That is an arbitrary figure again?

**Mr. Mannion:** Yes.

**Senator Sparrow:** It doesn't happen often, or it happens often?

**Mr. Mannion:** Well, we have run a fair number of 28 page issues and if we are going to carry 24 or 25 pages of editorial we haven't got very much advertising in 28 pages. We have a very definite news minimum content. We do get down, particularly in the summer-time, and you never know when an advertiser is going to schedule advertising. It could be that you will have three pages in one issue and 12 pages in the next issue because of the way the advertiser schedules his work.

**Senator Sparrow:** Well, without leaving that and just going to number 40 in your brief, in reference to the C.B.C. you say:

"Of course, the fact that many television advertisers were subsidized by the C.B.C. (by selling programs for considerably less than their cost) was one element in the decision of many advertisers to switch to television."

Now, when you sell a magazine with one or two pages of advertising aren't you subsidizing those advertisers the same perhaps as the C.B.C. is?

**Mr. Mannion:** No, because we are charging enough to cover the cost of the advertising. We are subsidizing the reader.

**Senator Sparrow:** I beg your pardon?

**Mr. Mannion:** Well, we are not subsidizing the advertiser. We charge enough through our advertising rate to cover all of the costs of the advertising involved and we assume that we are going to have a volume of business that is going to make us a profit. If we do not and we continue to supply that volume of editorial content we are in effect subsidizing the reader.

**Senator Sparrow:** Well, if I were an advertiser I would be very pleased to have an issue

go out and I were the only advertiser in that issue.

**Mr. Mannion:** So would I.

**Senator Sparrow:** So in that particular case it happens, right?

**Mr. Mannion:** Yes.

**Senator Sparrow:** So, you are in fact subsidizing—and using the argument that you used with the C.B.C.—if you are subsidizing that advertiser in that issue, is that not true with the C.B.C. as well that they have a program to sell and they can't really get the total dollar advertising return that they are asking for, so they in fact reduce the price, or reduce the total program costs?

**Mr. Mannion:** Yes, but in the case of the C.B.C., Senators, it has been—I can't quote figures exactly but I have seen instances where the C.B.C. has gone out and paid \$400,000 or \$450,000 to an American producer and sold the program for \$50,000. That is a great deal different.

**The Chairman:** Could you give us an instance of that?

**Mr. Mannion:** Well, as I say, I can't recall specific instances, but I know that that has existed.

**The Chairman:** Well, could you send us a specific instance?

**Mr. Mannion:** If I can find it, yes.

**The Chairman:** Do you think you can find it?

**Mr. Mannion:** I think so.

**Senator Sparrow:** What is the difference then? In comparison you have a magazine 24, 26 or 28 pages, or 29 pages...

**Mr. Mannion:** The point is what would we do? Not publish?

**Senator Sparrow:** No, but what does the C.B.C. do?

**Mr. Mannion:** Well, I would say that they have to charge what the advertising costs them. I don't necessarily disagree with what they are doing in a given instance but the point is we find it extremely difficult to compete when an advertiser for instance can say "All right, I can buy this program for \$50,000 or \$75,000 and I will buy the time necessary to produce the program" for let's say \$150,-

000. So, for \$200,000 he can become a national advertiser in Canada. He can't be a major national advertiser in any other way in Canada for \$200,000 but he can through the C.B.C. because it is being subsidized.

**Senator Sparrow:** Are you suggesting now that all programs as such are a mistake?

**Mr. Mannion:** No, I am not suggesting that. I say that there are instances of that but I don't know the inner workings of the C.B.C.—but with a \$150 million loss, I would think that a heck of a lot of them fall in that category.

**The Chairman:** Well, I wonder if the \$150 million loss is accurate terminology. I question whether it is, but in any event carry on. I just might say that we will have the C.B.C. here a week from Thursday. I must say also that many, many publishers have made the point that you have made and I think that is why Senator Sparrow has been pursuing it.

Senator Sparrow?

**Senator Sparrow:** I will yield for the moment.

**The Chairman:** I just have a couple of questions and then perhaps I will turn to Mr. Fortier.

In section 17 of your brief you list the directors. Mr. Honderich is the Chairman of the board, you are the president, the comptroller is Mr. Floyd, and you have a pretty high powered list of directors. I think you would agree with me that they are a pretty high powered group.

**Mr. Mannion:** At board meetings they sure are.

**The Chairman:** Well, then that leads me to ask you a question about section 3 on the first page where you say:

"Although we are owned by two major publishing organizations in Canada, we operate completely independently and decide our own editorial and advertising policies."

Well, if you decide your own editorial and advertising policies, what do they talk to you about on board days?

**Mr. Mannion:** Various things. The economics of publishing, the printing itself, the distribution.

**The Chairman:** And they don't say anything about editorial or advertising?

**Mr. Mannion:** I have yet to have any observation, or restriction, or even a suggestion of a restriction made to me by any member of my board.

**The Chairman:** Well, you are talking editorially—what about advertising?

**Mr. Mannion:** We discuss things and I ask their opinion on many things. They are the board and I work for them and they can certainly direct me, but we still operate as an independent body separate from either the *Star* or the Southam Press.

**The Chairman:** Well, Mr. Mannion, you say in number 3, and you can look at it with me, you say, "we operate completely independently and decide our own editorial and advertising policies." Now, you have made the point that they don't influence you editorially and we will come to that in a moment or two, but what about the advertising? You surely don't operate "completely independently" when it comes to advertising policies, do you?

**Mr. Mannion:** Southstar Publishers Limited does. Southstar Publishers Limited might very well have policies that are different than either the Southam Press or the *Toronto Star* but we operate as an independent company.

**The Chairman:** But those views are brought to your board table by publishers of the *Toronto Star*—

**Mr. Mannion:** Absolutely, but it is still an independent decision as it affects Southstar Publishers Limited.

**The Chairman:** That is fine. I appreciate that explanation. I know you were here this morning, Mr. Mannion, when we talked about the experience on homosexuality in *Weekend*. Have you had any similar experiences in *The Canadian*?

**Mr. Mannion:** No, fortunately not.

**The Chairman:** None at all?

**Mr. Mannion:** No.

**The Chairman:** Has it just been because you are fortunate, good management, or what?

**Mr. Mannion:** Well, perhaps a little bit of all—all of those things. Personally, I did not see very much wrong with the homosexual article—there was a couple of things that I think I would have left out and I think my editor would have left out of that article

which would have perhaps eliminated a large part of the problem.

**The Chairman:** Could the papers which subscribe—the member papers of *The Canadian*—would they be free to react in the same way as the 14 publishers of *Weekend* did?

**Mr. Mannion:** Yes, they would.

**The Chairman:** They would be within their rights under terms of the agreement?

**Mr. Mannion:** In exactly the same manner.

**Mr. Fortier:** Well, I will ask you the same question that I asked them. Do you tell your advertisers that your member newspapers have this right?

**Mr. Mannion:** No. We don't see any necessity for it.

**Mr. Fortier:** And you have been proven right so far.

**Mr. Mannion:** Yes.

**Mr. Fortier:** You describe yourself, as indeed you are, as one of the two national newspaper-distributed magazines in English language Canada. To become truly national, has your board ever considered the advisability of publishing a weekend supplement in the French language?

**Mr. Mannion:** Not in my time with the board, no.

**Mr. Fortier:** Would you express a personal view, Mr. Mannion?

**Mr. Mannion:** I would be delighted if the economics of the situation would allow us to do so, Mr. Fortier, but I can see no way that we could publish a French language edition and have it economically viable at all.

**Mr. Fortier:** Well, what I am trying to get at is *The Canadian* came into being, we have to assume, because there was—or it was felt in some quarters that *Weekend* was not everything that it could be. It was felt that there was room for a competitor so I ask you whether or not it is felt at your board that *Perspectives* is not filling the full role that it should fill in Quebec and whether there is not room for a competitor?

**Mr. Mannion:** Well, our principal role is to produce a newspaper distributed supplement. There aren't any newspapers left in Quebec of significance that could carry a newspaper

distributed supplement on a competitive basis and on a magazine basis. As I said before, I don't think there will ever be a national—"national" in that context—magazine in French speaking Canada.

**Mr. Fortier:** Well, of course, when *The Canadian* came into being, there were many newspapers who were contractually bound with Montreal Standard Publishing and left at the expiration of their contract.

**Mr. Mannion:** Right.

**Mr. Fortier:** Well, that same argument could prevail in this case.

**Mr. Mannion:** Well, of course it could.

**Mr. Fortier:** Except that they may be locked in a little.

**Mr. Mannion:** Well, I think their owners now are a little different. Even so, I think we would certainly listen to anyone who said that there was an opportunity for us to turn out a French language publication.

**Mr. Fortier:** The *Montreal Gazette*, I believe, is the only newspaper in Quebec that distributes *The Canadian*, is that correct?

**Mr. Mannion:** That is correct.

**Mr. Fortier:** What about the *Chonicle-Telegraph* in Quebec City?

**Mr. Mannion:** It distributes *Weekend* and has done so for many years.

**Mr. Fortier:** You said there will never be another national magazine launched in Canada and in your verbal presentation you referred to the reasons being economic problems. Have you ever picked up *The Last Post* or the *Mysterious East*?

**Mr. Mannion:** I picked up *The Last Post* last night—I had never seen it before.

**Mr. Fortier:** Well, that was only the second issue. There was a good article on Senator Davey in that?

**Mr. Mannion:** Yes, I noticed that.

**The Chairman:** Carry on, Mr. Fortier.

**Mr. Fortier:** Do you know about the *Mysterious East*?

**Mr. Mannion:** I know of it. I understand you received a submission from them. Is that right?



**The Chairman:** Yes, we did.

**Mr. Fortier:** I wonder if you felt that there was any hope or any possibility that a publication such as the *Mysterious East* or *The Last Post* can grow from a small start into a national Canadian magazine?

**Mr. Mannion:** I very definitely hesitate to say no because I am a positive thinker. I would love to see that type of publication develop in this country, but I must say, putting on my cost-conscious hat, that I don't believe it is possible to build a significant publication in this country because of the cost of circulation development and the cost of production, et cetera.

**Mr. Fortier:** You end your brief on a very, what I would term as a pleading note. You say:

"We also hope that any such assessment will be so positive that future Government actions would be designed to assist in the growth and health of this industry."

Could you be more specific as to what kind of government action you refer to here?

**Mr. Mannion:** Well, the only one I can come up with immediately is the abolition of the exemption for *Time* and *Reader's Digest*. If there is some other way that it could be done other than Government grants, fine. I think it is required in a developing country to have many voices of communication and I don't think we have enough of them in this country. I would like to see *Maclean's* strengthened, despite the fact that it is a competitor of mine because it is good for our country, and I would like to see other *Maclean's*. I don't think it is economically feasible or possible.

**Mr. Fortier:** Do you believe that *Maclean's* magazine, and *Weekend*, and *The Canadian* or *Star Weekly* would be healthier if the exemption enjoyed by *Time* and *Reader's Digest* were removed?

**Mr. Mannion:** I do.

**Mr. Fortier:** You do?

**Mr. Mannion:** Yes.

**Mr. Fortier:** You think that there would be enough advertising channelled to those publications...

**Mr. Mannion:** Well, it would give us \$15 million more of available money that every-

one could shoot at. Surely a percentage of that money will fall into Canadian publication hands because let's face it these people are buying advertising to reach the Canadian population and if they can't get it one way, they are going to get it another way because it is part of their economic strength as well.

**Mr. Fortier:** Well, you probably heard my question earlier to Mr. Goodson, where I referred to the conclusions of a study, of which one conclusion was that only 13 per cent of *Time* and *Reader's Digest* advertising would go to publications such as yours. Have you ever made any study along those lines?

**Mr. Mannion:** I have not made a factual research study but I would completely disagree with that figure.

**Mr. Fortier:** You find that figure very low?

**Mr. Mannion:** Very low.

**Mr. Fortier:** So the committee should be clear that you are not suggesting any other concrete Government action?

**Mr. Mannion:** No.

**Mr. Fortier:** Similarly though, you say that the national magazine industry is important enough at this committee and then possibly the Government should apply its mind to finding a formula to allow it to stay alive and to prosper, is that correct?

**Mr. Mannion:** That is right.

**Mr. Fortier:** And you don't stop short of a direct subsidy, or do you?

**Mr. Mannion:** I do.

**Mr. Fortier:** You think this would be an infringement on the freedom of the press?

**Mr. Mannion:** Well, it obviously is and I would be against any subsidy.

**Mr. Fortier:** Your editor is shaking his head.

**Mr. Hanlon:** I am nodding my head.

**Mr. Fortier:** Would you agree with that Mr. Hanlon?

**Mr. Hanlon:** Yes, definitely. I don't think there should be any special privileges to the press because they do have strings attached. If they don't actually have strings attached, they look as if they have strings attached, which is just as bad.

**Mr. Fortier:** Before coming to Canada you worked on several newspapers in England—*The Sunday Express* and the *Daily Mail* being two of them. Did you ever work on magazines in England?

**Mr. Hanlon:** No, I was never on the staff of magazines, but I did write the add piece for magazines, and I didn't really start writing full time for magazines until I came to Canada. I worked for the *Globe Magazine*—I was on the staff but I was freelance writing for the magazine.

**Mr. Fortier:** Weekly magazines in England are performing rather well are they not?

**Mr. Hanlon:** Yes they are, exceptionally well.

**Mr. Fortier:** Well, what is their secret? Is it in their selection of readers, or the form of competition which they have?

**Mr. Hanlon:** Well, I think it is the selection of readers. Although they are in national newspapers they do appeal to specialized audiences—*The Sunday Times* appeals to a special audience and *The Observer* does, the *Telegram* does and the *Daily Mirror* which now has its own magazine does. They are not as we are, having to appeal to every type of town in Canada and every person in Canada. Every variety of person in Canada gets our magazine. This makes a vast difference of what you put into the magazine.

**Mr. Fortier:** This is the old argument which we heard a few weeks ago to the effect that the specialized magazine, you know, is gaining strength or the general interest magazine is losing.

**Mr. Hanlon:** Yes, but I don't mean that so much, Mr. Fortier. What I mean is that the readers of the supplements take it because they do take a particular newspaper. They are a particular type of person; their interests aren't necessarily limited in any particular sphere any more than our readers are—it is just that they are a particular group of people.

**Mr. Fortier:** Yes, you are expressing yourself much better than I was—that was what I was trying to say and this is indeed the situation over there. Is this the only answer—this selection of readers?

**Mr. Hanlon:** No, I don't think so. I think the English public is very, very much a reading public for they have nine national newspa-

pers and several afternoon papers and they buy several editions of an afternoon paper if only to read the racing results. I think also the fact that they are a smaller country they require to know more of what is going on there and are more interested.

**Mr. Fortier:** That facilitates the distribution and sale of both the newspaper and the weekly magazine?

**Mr. Hanlon:** Yes.

**Mr. Fortier:** Your argument is valid on both counts is it not?

**Mr. Hanlon:** Oh, I would think so, yes, because they can produce a magazine in London and sell it the same day anywhere in the British Isles or in Manchester or in Glasgow—it is just a matter of geography; they have a geographic advantage.

**Mr. Fortier:** Your magazine is printed in Montreal now?

**Mr. Mannion:** That is correct.

**Mr. Fortier:** Only as of this last month, is that correct?

**Mr. Mannion:** That is correct.

**Mr. Fortier:** What made you turn about as you say in your brief? Were there any other considerations which you considered before deciding to go to the Montreal Standard for the printing of *The Canadian*?

**Mr. Mannion:** Really, the only basic item of consideration was the fact that we could produce the magazine cheaper in Montreal than we could in Toronto.

**Mr. Fortier:** It flowed naturally from the creation of the MagnaMedia though did it not?

**Mr. Mannion:** Well, one or vice versa.

**Mr. Fortier:** Well, except that MagnaMedia—did it not come first?

**Mr. Mannion:** No. They came together simultaneously—the principle being that we—and this was just not a recent decision. This had been considered for some considerable period of time; you put three magazines into one plant and elementary economics and production efficiency indicate that you can produce the three of them cheaper per copy than you can with putting two in one plant and one in another. It is simply a matter of production efficiency and production economy.

**Mr. Fortier:** So except for editorial material you are now operating under the same roof as *Montreal Standard*?

**Mr. Mannion:** No, we are not. Well, I should clarify that. We send our copy to Montreal to be produced in a plant exactly the same way as we formerly sent it to our former printing plant.

**Mr. Fortier:** And MagnaMedia is handling all of your advertising sales?

**Mr. Mannion:** That is correct. Simply on the advertising side from the point of view of accounting; the business office, the editorial office, the makeup, the art and photography, et cetera, is all continuing to be done in our own office. The final pages are sent to Montreal for processing as they were formerly sent to the other plant.

**Mr. Fortier:** In selling advertising space are there package deals offered—you know, for publication in both *The Canadian* and *Weekend*?

**Mr. Mannion:** No, there are not.

**Mr. Fortier:** But in actual fact the 70 per cent of advertisers which you surveyed and found to advertise in both *Weekend* and *The Canadian* before MagnaMedia came into being—this figure has now increased, has it not, since the creation of MagnaMedia?

**Mr. Mannion:** No.

**Mr. Fortier:** As I say, I have not seen figures that compare the two.

**Mr. Mannion:** If it has, I am not conscious of it and I can't imagine that it could have because we have only been in business for eight weeks.

**Mr. Fortier:** Well, as I say, since the turn of the year I have looked every weekend at both *The Canadian* and *Weekend Magazine*, and it has struck me that there was even more advertising duplication.

**Mr. Mannion:** If there was it was by coincidence only. It is not by design. We closed the February 28 issue on December 31, and MagnaMedia started selling on January 1. The March 7 issue isn't out yet, so it couldn't possibly have affected it.

**The Chairman:** What is the relative cost per page in your publication as opposed to *Weekend*?

**Mr. Mannion:** Very similar.

**The Chairman:** Is it identical?

**Mr. Mannion:** No, in no way is it identical.

**The Chairman:** Which is less expensive?

**Mr. Mannion:** Well, that would depend on the category of contract. I don't want to vacillate but on the open rate our rate is higher than theirs, for example. They have a certain advertising category, certain categories of contract where their rate is below ours and vice versa.

**The Chairman:** In terms of a national advertiser who is budgeting a campaign the rates are if not identical they are very comparable?

**Mr. Mannion:** They are comparable.

**The Chairman:** Is that a fair statement?

**Mr. Mannion:** That is correct. That is correct because the circulations are very comparable.

**The Chairman:** Well, the circulations are very comparable except presumably *Weekend* continues to distribute free copies?

**Mr. Mannion:** That is correct. For the past three years, or whatever it is they have been doing it, the circulation has almost been identical and therefore the rates have been almost identical and the advertisers have accepted that.

**The Chairman:** What is your circulation?

**Mr. Mannion:** Approximately two million.

**The Chairman:** And what is theirs?

**Mr. Mannion:** Approximately two million.

**The Chairman:** Perhaps I could put this to Mr. Goodson, but I will put it to you instead, and perhaps he can jump and cry "foul" if you are wrong. Of their two million how many are qualified or controlled circulation?

**Mr. Mannion:** Well, I think I could answer it...

**The Chairman:** I am sure you could answer it.

**Mr. Mannion:** I believe, and Mr. Goodson can correct me, I think it is 240,000.

**The Chairman:** Is that correct, Mr. Goodson is nodding his head. So about 240,000 of their is qualified?

**Mr. Mannion:** That is right.



**The Chairman:** And the rates per page subject to contract modifications are comparable?

**Mr. Mannion:** Right.

**Mr. Fortier:** MagnaMedia is owned in equal proportions is it not by *Southstar* and *Mont-real Standard*

**Mr. Mannion:** That is correct.

**Mr. Fortier:** Is there only one category of shares?

**Mr. Mannion:** Yes.

**Mr. Fortier:** And they are owned 50-50?

**Mr. Mannion:** Yes.

**Mr. Fortier:** How about the makeup of the board?

**Mr. Mannion:** Fifty-fifty.

**Mr. Fortier:** No casting vote?

**Mr. Mannion:** No casting vote.

**Mr. Fortier:** Then it is an even number?

**Mr. Mannion:** Yes.

**Mr. Fortier:** And in case of a deadlock you just have to wind up as a company?

**Mr. Mannion:** Well, in effect that is what you would have to do.

**Mr. Fortier:** There is no provision anywhere for a solution to a possible deadlock?

**Mr. Mannion:** No, there is not.

**The Chairman:** Senator Kinnear?

**Senator Kinnear:** It is a question which I think we are vitally interested in in Canada and that is housing. Your magazine, *Canadian Homes*, I noticed you have about 26 million copies?

**Mr. Mannion:** We publish 26 million copies a year.

**Senator Kinnear:** A year?

**Mr. Mannion:** Yes.

**Senator Kinnear:** Do you think you have any influence on housing in Canada, and another question—I would think that the people who haven't housing would be terribly worried when they see your magazine on homes that they are going to be left out because there is such a shortage of homes.

**Mr. Mannion:** Well, when we talk about homes, we talk about all types of homes. We, incidentally, publish the only remaining magazine devoted to homes in the country.

**Senator Kinnear:** Yes, I am sorry that the *Canadian Homes and Gardens* fell apart years ago because it was a lovely magazine.

**Mr. Mannion:** We are attempting to recognize the problems in all income levels. For instance, recently we had I thought a most interesting article on how to decorate a small apartment by yourself. We priced the materials and we indicated the way it was to be done; we were thinking in terms of people who have anywhere from \$75 a month to \$130 a month apartments. This article gave great detail in showing them how to make interesting apartments. We also run quite a lot of do-it-yourself articles, for example how you can make a piece of furniture for your home. We do not try to run a *Better Homes and Gardens*. We just can't do it and make it economically sound.

**Mr. Hanlon:** I was just going to say, Mr. Chairman, that we also run stories in *Canadian Homes*. There is one in the current issue on how the housing problem is being tackled elsewhere, to give the people some idea of what is going on and just how it might be applied to Canada. In our other publications we have done stories on housing.

**Senator Kinnear:** I am sure your stories are read by many people interested in improving their homes no matter what type of home it is.

**Mr. Mannion:** You see, one of the articles in this current issue is "How Good is Co-op Housing" and we say it is one way of cutting housing costs and keeping the advantage of ownership. There is a complete article on that and how co-op housing works in Sweden.

**The Chairman:** Mr. Mannion, I would like to return to a discussion of MagnaMedia for a few moments. Would you describe MagnaMedia as the weekend papers' response to the Magazine Advertising Bureau?

**Mr. Mannion:** Partially, yes. We are the only medium in the country—only major medium anyway that does not have an official voice.

**The Chairman:** Haven't you really effectively removed all competition—the element of competition has been removed from weekend papers in Canada?

**Mr. Mannion:** Not really.

**The Chairman:** Well, would you explain why not?

**Mr. Mannion:** Well, first of all you have to accept the fact that as the figures indicate in the brief, rotogravure publications have been going downhill for years. It is the only major media category in Canada, other than the farm papers, that have lost in the last ten years. We felt that we must have a voice to go out and sell the concept—the basic newspaper-distributed magazine concept—and we felt that the only way we could do this was to get together, pool our resources and pool our efforts. We considered that we really weren't competitors in the commonly accepted sense of the word because of the fact that 70 per cent of our advertisers use both, so they obviously didn't think we were competitors. They felt that we complemented each other. As I illustrated in the brief, in the City of Ottawa, which is a pretty good example, there are three different supplements in three different newspapers in this city and if you want to cover the whole market you have to use all three to cover it in rotogravure and high advertiser?

**The Chairman:** You are talking about the advertiser?

**Mr. Mannion:** Yes. As far as editorial material is concerned, we are highly competitive. It is our responsibility—a major portion of my responsibility and Mr. Hanlon's responsibility—to give a package to our newspapers with which they can compete locally and they will scream blue murder if we don't give them that package.

**The Chairman:** What is the overlap—in other words, you have two million and they have two million—of those two million how many people would read both? For example, I could tell you that I read both, so how many people are there like me?

**Mr. Mannion:** A relatively small percentage.

**The Chairman:** How small?

**Mr. Mannion:** I would say about 4 per cent.

**The Chairman:** Four per cent?

**Mr. Mannion:** Right. Now, I am discounting the controlled circulation. I am talking about subscribers to both newspapers.

**The Chairman:** Of the three million eight hundred some odd thousand—3,760,000 I

guess—there would be—what is 4 per cent of 3,700,000?

**Mr. Mannion:** It would be about 150,000.

**The Chairman:** Having gone this far—you have common production, and common advertising sales, why wouldn't you go all the way and have common editorial content? Mr. Hanlon is a very competent editor and I am sure so is Mr. Lowe so they could probably put out even a better publication if they sat down and worked together.

**Mr. Mannion:** Well, you used Mr. Bassett's name around here earlier this morning, I can imagine Mr. Bassett receiving the same supplement as Mr. Honderich.

**The Chairman:** What does it matter though if you say only 4 per cent are in common?

**Mr. Mannion:** It would be one against the other.

**The Chairman:** Well, if there is only 4 per cent of this circulation which is overlap, as I read it 96 per cent of the people wouldn't care less.

**Mr. Mannion:** Well, I would think though that Mr. Bassett—and I hesitate to use him, let us use Mr. Southam in Ottawa...

**The Chairman:** Fine.

**Mr. Mannion:** I would say that his circulation people are going to want a supplement that they consider to be considerably better than the Ottawa Journal's supplement, so that they can use it in their selling to the people of Ottawa.

**The Chairman:** Do you think that your supplement is, and I use your quote now, considerably better?

**Mr. Mannion:** I would say that they want to think that it is considerably...

**The Chairman:** Do you think yours is considerably better?

**Mr. Mannion:** Yes I do.

**The Chairman:** All right Mr. Hanlon. How is it considerably better?

**Mr. Hanlon:** I would like to make it clear that I am praising our magazine and not criticizing some other one.

**The Chairman:** I don't care which way you do it. I want to know why you think it is considerably better.



**Mr. Hanlon:** I think it is better written, I think it is...

**The Chairman:** Is it considerably better written?

**Mr. Hanlon:** I think it is considerably better written. Ours is very well written and very well produced; it looks very good; it contains, I still say, a lot more Canadian content than many other magazines and the stories in it are of extreme interest to Canadians. We make sure that they are of extreme interest to Canadians and we don't try to cover foreign events that become outdated in the period of time between the happening and the appearance in the magazine. We plan our magazine very carefully so that we do give whatever subject we cover—we try to clarify to our reader so he can grasp the meat of it, so it is meaningful and so that it has some relationship to his way of life. If we are arguing about something on the prairies we would like to show the man in Newfoundland just what it means to him.

**The Chairman:** Mr. Lowe, do you think your magazine is considerably better than theirs—I bet I know the answer to that.

**Mr. Mannion:** do you think that the 150,000 readers, who represent the 4 per cent, think that one magazine is considerably better than the other?

**Mr. Mannion:** If the comments that I hear from the people who care to comment are any indication, yes.

**Mr. Hanlon:** Well, I was just going to comment on the point you raised about what is the point of having two magazines when Mr. Lowe and I could sit down together and put out a better magazine between us.

**The Chairman:** Well, it seems to me that working together, you would have better production, have better advertising sales, so why don't you think you would have better editorial content?

**Mr. Hanlon:** Well, I think we could...

**Mr. Mannion:** I think it would be safe to say that we could, but our publishers would never let us do it.

**Mr. Hanlon:** Not only that, but if we were to do that, you would just have one editorial product, one editorial voice speaking again. Now, you have two.

**The Chairman:** Well, what would it matter? Only 4 per cent of the people receive both of them?

**Mr. Hanlon:** Well, that doesn't matter I think, Senator—it is a matter of choice. Maybe 96 per cent of the others prefer one or the other. They have a choice. If they want to take *Weekend* they can, and if they want to take the *Star Weekly* or *The Canadian* they can. We give them that choice and there are two points of view here.

**The Chairman:** Well, you live in Toronto and so do I. I shouldn't be implying an opinion here—and I am not, but do you think that the person who goes to the newsstand on Saturday makes his decision as between the *Toronto Star* and the *Toronto Telegram* on the basis of *The Canadian* versus *Weekend*?

**Mr. Hanlon:** Well, I would like to think that some people do, but I don't think they all do, no. I think it is a question of the total package. I think ours is a very valuable contribution to the Saturday *Star*, just as I am sure Mr. Lowe is convinced that his is a valuable contribution to the *Telegram*.

**The Chairman:** But if only 4 per cent of the people are in common...

**Mr. Mannion:** It is not a matter of being in common, it is a matter of which are they going to buy. They are not in common if they buy one or the other—they are only in common if they buy both.

**The Chairman:** Yes.

**Mr. Mannion:** So there is a very definite choice there and if *The Canadian*, for instance, is not a vital part of the package, the promotion department of the *Toronto Star* is making a great mistake because they keep telling people it is.

**The Chairman:** But conversely I think, Mr. Mannion, the circulation people at the *Telegram*...

**Mr. Mannion:** By all means but that is where the rub comes. You have to get down to the facts on whether the person is going to buy the package or the component parts.

**Senator Sparrow:** You said your magazine is considerably better. Is the editorial cost considerably higher?

**Mr. Hanlon:** I have no idea of what the editorial costs of *Weekend* are.



**Senator Sparrow:** Would you make a judgment on that aspect?

**Mr. Hanlon:** On how much they spend on editorial costs?

**Senator Sparrow:** Yes.

**Mr. Hanlon:** No, honestly I couldn't, Senator, I have no idea.

**The Chairman:** Well, you must have some idea. You are hiring the same writers very often and you are incorporating the same kind of stories very often, so you must have some idea?

**Mr. Hanlon:** I would say that their editorial spending would be roughly the same as ours.

**Senator Sparrow:** You just spend your money more wisely, is that it?

**Mr. Hanlon:** I think so, yes. I could not see any value at all in combining the publications. If you combine two publications you are killing one off in this case and we have only two in this field at the moment.

**The Chairman:** Mr. Mannion, one of the interests which the committee has had, and a great deal has been spoken about it by various witnesses, is of course the trend toward concentration in all of the media. We have heard a great deal about the dimensions of the trend and we have heard a great deal about the rationale justifying the trend, and we have heard other witnesses who have been very critical of what is happening. I would be very interested in any assurance that you could give us that this is not a proper concern for the committee when it comes to weekend newspaper magazines.

**Mr. Mannion:** Well, I would think that it is not, but I would have to refer you to the statistics that have been listed as to the economics, the advertising revenue of the various media, and indicate to you that if the trend continues—if the trend is allowed to continue—somebody is going to go out of business; because at some point in time either my board of directors is going to decide that they don't want to continue, or probably I am going to recommend to them that they do not continue because we are not going to run an operation that is continually going to go deeply into the red; the share of market that has been lost over the years by supplements and newspaper distributed magazines indicate that that is the trend. The trend has been going this way the past few years.

As the figures indicate, in the last ten years the revenues have gone down. It is particularly significant when you consider that that is despite the introduction of *The Canadian*. *The Canadian* has only been in business for five years—less than five years, and yet in the last ten years the total dollar spending in newspaper distributed magazines has gone down. *The Canadian* should have been able to regenerate the industry; it should have been able to generate more dollars into the medium.

I think it has in some respects and perhaps, therefore, has smoothed the trend down, but it has to smooth it all the way—it has to be reversed. The only way it is going to be reversed in my judgment is to put forward a concerted effort by the best brains, the best research, and the best sales operations that we can put together.

**The Chairman:** You have made a big point about the Canadian dimension of your magazine, and you speak about it in your brief. I see a trade paper ad for MagnaMedia and I will quote it.

"...the magazine MagnaMedia represents: leading Canadian magazines produced by Canada's top editors, writers and columnists. What is important to Canada is important to these magazines."

Now, that is not just speaking about your publication. That is speaking about *Weekend* as well?

**Mr. Mannion:** Senator, if I was invited to present a brief on behalf of all the publications I would have made a presentation on that basis.

**The Chairman:** Would you have leaned as heavily on Canada as you did in your own brief?

**Mr. Mannion:** I could. I couldn't quite as heavily, but I will go back to what Mr. Hanlon just said, that it is not a matter of criticizing the other fellow but rather pointing out our own strength and weaknesses. *Weekend* does a magnificent job in my judgment.

**The Chairman:** Well, perhaps on that note before we adjourn, Mr. Goodson was kind enough to remain and we appreciate it and since we haven't asked him any questions, perhaps I could ask you one concluding question and the one which really intrigues me. How real is the competition between you and Southstar?

**Mr. Goodson:** Well, I think there has been possibly a small error which has crept in. I believe the figure bandied about so much a few minutes ago—that figure of 4 per cent overlap, is quite low. I think it is higher than that—I don't know how much higher but it is higher certainly in the major centres. The one you mentioned, in particular Toronto—the *Telegram* and the *Star* would have a greater overlap than that. In areas where there is only one newspaper there is no overlap, so that there is a great area of competition amongst the member newspapers from an editorial and circulation promotion aspect. These are the areas in which we are particularly interested in competing.

Mr. Fortier made the comment that he has noted since the turn of the year that the advertising is more similar than it used to be. Well, this is only a continuation of the trend which we recognize and has nothing to do with MagnaMedia. The ads were booked before MagnaMedia was ever announced or came into existence. Our competitive area is a competitive area for (a) retaining our member newspapers and (b) our member newspapers retaining their readers in competition with the other newspapers in their own areas.

**The Chairman:** How many advertising salesmen did you have prior to MagnaMedia?

**Mr. Goodson:** Would you repeat that, please?

**The Chairman:** How many advertising salesmen worked for *Weekend* prior to MagnaMedia?

**Mr. Goodson:** Ten.

**The Chairman:** Wasn't there a dislocation of personnel both in the production side and on the advertising side of the merger?

**Mr. Mannion:** Yes. There was a minor change.

**The Chairman:** Are there other questions that the Senators have?

Senator Sparrow?

**Senator Sparrow:** I am sorry we didn't get to this in the previous presentation but in 28 they said:

"I think the Canadian editor, for instance, has more freedom than his counterpart in the United States or Great Britain."

I didn't have a chance to ask that question with the previous delegation, so could you comment on that?

**The Chairman:** Perhaps Mr. Hanlon would be the ideal person to comment on that, Senator Sparrow.

**Senator Sparrow:** Fine.

**Mr. Hanlon:** Well, certainly I have complete freedom here, no shackles, no pressure groups, and I think the editors in newspapers in the United Kingdom have freedom. I can't speak for the States because I have never worked down there, but the difference is the newspapers in the United Kingdom do have strong editorial slants. Some papers are known as Tory papers, some of them are known as Labour papers, socialist papers, and some are known as Liberal papers. I suppose the editors there are more conscious of their affiliations and I would say that perhaps their stories tend generally to lead in a particular direction more than they do here. However, whether that is the result of a conscious pressure from anyone or just preconceived ideas, I don't know. I think it is more preconceived ideas which fortunately we don't have here because, for one thing, as far as we are concerned the variety of newspapers we have here is concerned and I am sure Mr. Lowe is concerned, Canada all have different points of view on varying subjects.

**The Chairman:** Thank you very much Mr. Hanlon.

**Senator McElman:** Of your 400,000 circulation of *The Star Weekly*, what would be the approximate circulation or percentage in the Atlantic Provinces?

**Mr. Mannion:** About 90,000. The biggest percentage of it would be in New Brunswick.

**Senator McElman:** Are they poor letter-writers or why weren't any of them in these four or five pages of references?

**Mr. Mannion:** I don't know, frankly, why they are not in there because we certainly had many letters from the Maritimes. I would think when we changed *The Star Weekly*, the greatest indication of support and agreement with what we were doing came very definitely from the Maritimes. We found it necessary not very long ago, to raise the price of *The Star Weekly* and where you normally suffer, for a period at least, a decline in circulation, the Maritimes went up. *The Star Weekly's* friends are very definitely in the Maritime Provinces.

**Senator McElman:** Do you feel that your editorial comments reflect wide debate?



**Mr. Mannion:** I think so. As a matter of fact, we have a story—I don't know whether or not it is in the works, but we discussed it a few weeks ago—on the subject "The Other Side of the Maritimes" because we feel that there has been so much said about the Maritimes being the "tobacco road" of Canada, that maybe the other side of the story should be told.

**Senator McElman:** We have been waiting for some time.

**Mr. Mannion:** Well, Senator, it is on its way. It has already been discussed.

**Mr. Hanlon:** We have covered the Maritimes considerably in the past, in fact in the five years we have been putting out the magazine, we have covered it very well and shown the positive side of it.

**The Chairman:** Well, perhaps on behalf of the Committee, Mr. Mannion I could thank you and your colleagues, and you Mr. Goodson, more adequately than I did at the end of your brief. I would like to thank you and your colleagues for coming here today. It has been a useful discussion and we are grateful to Mr. Mercier for joining in as he did and helping, with no pun intended, to put this whole weekend newspaper magazine picture into perspective for us.

Thank you very much.

I would remind the Senators that the committee meets at 2.30 this afternoon to receive a brief from The Canadian Public Relations Society and at four o'clock, from Mr. Richard Beddoes.

The Committee adjourned at 1:10 p.m.

The Committee resumed at 2:30 p.m.

**The Chairman:** Seated on my immediate right is the head of the delegation, the Chairman of the Canadian Public Relations Society, Mr. David G. Wood. Mr. Wood is also—I was going to say in 'real life' but I guess that is not the expression—Director of Information, Western Co-operative Fertilizers Limited, Calgary.

Dave, perhaps rather than me attempting to make all these introductions and botching them up, why don't you introduce the others right now.

**Mr. David G. Wood, Chairman, the Canadian Public Relations Society, Inc.:** Starting on my left, Mr. Chairman, is Mr. R. Brian O'Re-

gan, President of the Ottawa Society; next to him Mr. Douglas W. Heal, President of the B.C. Society and also National Secretary; next to him is M. Aimé Gagné, who is National Council Director. On my right is Mr. Charles Harris, who is Second Vice-President of the National Society; Mr. Jean Balcer, President of the Quebec Society; and Mr. Melbourne James, President of the Toronto Society.

**The Chairman:** Now the brief we requested has been received in compliance with the guidelines we forwarded to you. Our usual procedure is to make available to you fifteen minutes to discuss the contents of your brief or say anything else which may be on your mind and then we will turn to the questioning from the Senators. As you have a rather large delegation, if you feel you want to have them in on the action you simply need to so indicate.

**Mr. Wood:** Mr. Chairman, Honourable Senators. We appreciate the opportunity to appear before this Committee and we have a sincere desire to make some contribution of value to your studies.

I should like for the record to read the summary of our brief which as succinctly as possible puts some of the points forward that we wish to make.

This submission to the Senate Committee on Mass Media deals with public relations in general and with the news relation function in particular. It includes an explanation of the practice of public relations, a review of The Canadian Public Relations Society, Inc., and observations on news relations.

Briefly, the practice of public relations in Canada has grown over the years to become a recognized management function. It is established on sound principles and is represented by The Canadian Public Relations Society, Inc., the national body of public relations.

If I may be permitted, Mr. Chairman, to make a parenthetical observation, I would like to comment on the growth of public relations. It has grown rapidly since the end of World War II and promises to accelerate in the 70's due to many factors.

I would like to quote from my recent speech given before one of our Societies to name some of the factors:

"The speed of change has introduced new uncertainties for management, forcing them to seek methods for adjusting to change.



"Attitudes in our society are changing. The inter-action of business of government; the inter-relation of political and social and economic forces is not the same as it was. So the value of explanation and dialogue has gone up.

"People's values are changing. The materialistic values which put industry so high in our system aren't quite the same, and certainly not so important as they once were to the young people. Life styles appear to be left dependent on commercial products and services.

"Management, government, rule makers, are required, whether willingly or not, to come to grips with the social, political and economic changes as well as a vast amount of technological change; and communication is the tool that will help them do it."

Returning to the summary: Relations with the news media are but one aspect of the overall public relations' function. Practitioners often devote more time to other public relation operations than they do to news relations.

Nevertheless, relations with the news media are an important factor in public relations. The requirement here is to represent the news interest of the practitioner's organization or the consultant's client. It is a vested interest, but one not detrimental to either the mass media or the public interest.

The press relations specialist is the point of the liaison between the employer and the news media. His or her knowledge of the organization, its policies and operations, is a valuable asset to the new gathering services. It is not the purpose of the press relations executive to stand as a barrier between the organization and the news media.

By creating a better understanding of the news function on the part of management, public relations practitioners have provided a tangible and beneficial service to the news media. Business executives in particular now understand and accept the news function as vital to their operations and public responsibility.

As a direct result of public relations, news representatives have a greater acceptance of the corporate policies making level than ever before. This enlightened attitude towards news media has pervaded other areas of our social and economic life.

In working with the Mass Media, Canada's public relations practitioners are providing a valuable service in the dissemination of information. A few more remarks, Mr. Chairman. Our Society, as our country, is a confederation and it is at least as difficult to obtain a consensus.

Our brief attempts to outline the basic thought of 950 members of the Canadian Public Relations Society, from Newfoundland to British Columbia, but because of myriad corporate an organization environment, there are bound to be particular viewpoints which cannot be expressed as common to all.

Nevertheless, because of the dominant size of two of our federated societies, I want, Mr. Chairman, to draw attention to their particular viewpoints...those of the Quebec Society, contained in Appendix 'A', attached to the brief, and some amplifying viewpoints as expressed by working material supplied by the Toronto Society.

A Toronto viewpoint, in which I am sure we all concur in our Society, is that there are indeed skilled public relations people who are not members of our Society. There are also a number of people in Canada who choose, perhaps because of the growing prestige of the name, to call themselves public relations representatives, but who in fact would not qualify for membership in our Society.

If you examine the Quebec Society appendix, Mr. Chairman, you will find some concern over concentration of ownership of media. The Toronto society adds the view that this is not necessarily undesirable, providing individual publishers, editors, or station directors are allowed to establish, with complete independence, their own news and editorial policy.

All of our societies recognize the impact of media in influencing the public, and are therefore vitally interested in the quality and attitude of Canadian media.

Our Toronto society expressed another interesting viewpoint...and I feel our Quebec members would agree...that the public relations function helps media representatives obtain background information and current facts that might otherwise be unobtainable without considerable research. Practitioners carry out this function by providing media representatives with such material as copies of speeches, background reports, and fact

sheets, and by arranging direct meetings with senior officials and experts who might otherwise be inclined to avoid saying anything...the familiar "no comment".

All of us in public relations are acutely aware that most of the material supplied to news media is accepted in direct relation to the reputation of the people at its source. We know that we are hired to represent a specialized point of view...just as a lawyer is hired to present whatever case he may choose to accept in the best possible light...and we know that material presented to the mass media will be closely examined by them.

And now, Mr. Chairman, if I may, I quote directly from the Toronto viewpoint.

"We feel that critical examination of intent should also be applied by media representatives. Occasionally news coverage, in its effort to attract readers, will emphasize through headlines, or leave out, certain facts in the copy, and by so doing, create an unbalanced or less accurate account of what in fact took place.

"This concern is expressed also about radio and television. Although lengthy interviews are recorded, the pressure to entertain listeners and viewers as well as inform them, sometimes leads to editing in which serious omissions are made from statements of fact or comment, placing the person or persons interviewed in a position never intended. In today's society of almost instant communication and the consequent increased pressure of deadlines, errors such as these can have devastating effects.

It is more important than ever, therefore, for the media to guard against such errors, and when created, to rectify them as quickly and effectively as possible. In so doing, the media gains, rather than loses stature for its credibility."

We believe, Sir, that we have a most representative gathering of senior public relations officials here for your questions today, each prepared to express the variation of opinion which goes to make up our Society, and by extension, our country.

Mr. Chairman, we warmly invite your questions.

**The Chairman:** Thank you, Mr. Wood. Did we identify these people not only by their positions in the organization but by their professional role as well? I think the Senators would be interested. Perhaps they could introduce themselves.

**Mr. R. Brian O'Regan, President, Ottawa Society:** I am Brian O'Regan, Assistant Director of the Information Division, Canada Department of Agriculture.

**Mr. Douglas W. Heal, National Secretary and President British Columbia Society:** I am Douglas Heal, Vice President, Public Relations Division, James Lovick Limited.

**Mr. Aimé Gagné, National Council Director:** Aimé Gagné: Manager of Public Relations for Alcan, and at the same time commissioner on a Royal Commission in Quebec looking into the linguistic situation.

**Mr. Charles A. Harris, Second Vice President:** Charles Harris, Director of Public Relations, Canadian National Railways.

**Mr. John Balcer, President Quebec Society:** ...

**Mr. Melbourne V. James, President Toronto Society:** Mel James, Public Relations Manager, Toronto Area, Bell Canada.

**The Chairman:** I think that it is important for the Senators to realize that although you are not here in your corporate capacities that you do have significant corporate capacities in the public relations area.

Thank you for your statement. I think perhaps we could turn to the questioning and if anyone wants to chime in just indicate and we will try and get you on stage, as it were.

**Mr. Fortier:** Mr. Wood, here is a golden opportunity for a little public relations for your Society. Do you feel your client could get along without you today?

**Mr. Wood:** Not as successfully, Sir.

**Mr. Fortier:** Why?

**Mr. Wood:** Because of the need for communication, public dialogue, understanding.

**Mr. Fortier:** Is not the public sophisticated enough that it does not need to be educated by public relations people.

**Mr. Wood:** Public relations people alone certainly cannot educate people. That is not our whole function, Sir. I invite comments from other members of our organization.

(Translation)

**Mr. Aimé Gagné, Director National Council:** Mr. Fortier, in public relations it is not just a matter of providing information to the journalists. It is above all a matter of acting as adviser to management. The president of a



company cannot be aware of all the activities of the different sectors of his enterprise. One of these sectors is the opinion of his employees and the opinion of the public at large. So, we are close to the public and close to the employees, and we are able to pass on to the management what the employees are thinking, what the public is thinking and what the politicians are thinking. In the light of what we are gathering we are able to suggest the means of action to help the enterprise play its role.

**Mr. Fortier:** Do you not believe that in a company such as the one for which you are working, for instance, Alcan, this information or these pressures would naturally be exerted, without the specific role you are playing?

**Mr. Gagne:** I will give you an example. One or two years ago, we at Alcan went through a rather difficult period. One of our enterprises was misunderstood by the public in a certain province of Canada. This was due to the fact that management was more occupied with its role of managing that enterprise, with providing to its employees what they needed, with creating the necessary working conditions. Unfortunately, the outside public was not aware of the steps taken by the enterprise, and the amounts of money which it had spent on the improvement of its working conditions, and so the result was that we made headlines in the newspapers. Today, due to the service of the public relations, the situation is reversed. Where formerly Alcan was accused of certain wrongs, today, well, the people say: "Those problems no longer exist at Alcan." There you have a practical, efficient, positive role of a public relations service.

**Mr. Fortier:** Which has accomplished, as you say, this service for Alcan?

**Mr. Gagne:** Yes.

**Mr. Fortier:** Which would not have been accomplished otherwise?

**Mr. Gagne:** I would not say that. It is impossible to say that. I believe that it would have taken time. You know, businessmen are not trained to communicate with us. They are communicating more and more. They need advisers somewhat like they need legal advisers, to help them in the course of their activities.

**Mr. Fortier:** You are speaking there, up to a point, of the education which you are contributing to your employers, are you not? To

the people with whom you are rubbing elbows in the enterprise where you are working? But there is also another aspect, the education of the public isn't that right?

**Mr. Gagne:** Yes.

**Mr. Fortier:** Meaning the press releases or other releases concerning the enterprise with which you are associated which are sent to the newspapers, radio and TV, etc. In that case, you are trying to educate the public in the same manner, or are you trying to present the best possible image of your employer?

**Mr. Gagne:** I do not like the word "educate", if you permit me, Mr. Fortier. We are trying to inform...

**Mr. Fortier:** Inform...

**Mr. Gagne:** ...the public concerning the enterprise, in order that it may better understand its problems and also its successes, and, above all, its contribution to the economy of an area, a city, or a province.

**Mr. Fortier:** Is it your testimony before the Committee that this information would not be given to the public, whether this involves the reading public or the public watching TV, in an adequate manner except for the precise role you are playing?

**Mr. Gagne:** In the majority of cases, I would say that, if we were not there, communication would not be made as easily, and maybe not with as much success as it is done today. There may be some exceptions, but, in general, I would say, that without the specialists in communications or public relations, it would be more difficult.

**Mr. Fortier:** What I want to get at is this: If the newspapers, if the written press and the electronic press really had wished to play that role, could they have hired employees for their newspapers, their radio, their TV, who would do exactly the same work you are doing?

**Mr. Gagne:** Could they have done the same work?

**Mr. Fortier:** Yes.

**Mr. Gagne:** You know, it is somewhat like a legal adviser. When he is working for an enterprise, he wins and earns the confidence of the people of that enterprise. Therefore, when a legal adviser arrives quite new from the outside, could he obtain that confidence overnight? With the newspaper, it is the same



thing. It takes years before he can be appreciated by management of an enterprise. While we are on the inside, we first of all earn the confidence of these people. When we have that confidence, we are able to obtain from management information which, normally, it would not be willing to give. But, since we are there, these people have the right to know. They have the right to know if a plant is going to be closed. They have the right to know if people are going to be laid off. They have the right to know if those employees will receive allowances. But would the boss himself be willing to give that information? I do not know. It depends upon the boss. There are some bosses who are outgoing and communicative by nature; others are not. Therefore, our role is to get the information from management and to see to it that it plays its corporate role.

**Mr. Fortier:** Does the public relations counsellor play a role in the company, in the development of the company, that nobody attached to a newspaper, to a radio or TV station could play effectively.

**Mr. Gagne:** Effectively, yes. I could not be categorical. There are certain newspapers who are successful because, for instance, in a small city they know the management of an enterprise very well, and are able at a certain time to act as public relations directors. But, in general, I would say, no.

**Mr. Fortier:** What happened before 1955, before your company was formed as a corporation?

**Mr. Gagne:** There were public relations directors—I have been one for 31 years. It is not necessary to be a member of the company to be, as was said by our president, an excellent public relations adviser. There are some who are members; others are not.

**Mr. Fortier:** Nevertheless, there has been a development, a marked development during the last twenty years?

**Mr. Gagne:** There is no doubt about it. Since it exists, it has established much more strict criteria than before. It has enabled the company to improve its reputation. I would say the same thing for the profession above all.

**Mr. Fortier:** I understand. I should like you to justify your existence, you see.

**Mr. Gagne:** Do not ask me that, because I would take hours.

**Mr. Fortier:** I believe that you have done rather well in a few minutes.

[English]

**Mr. Fortier:** Mr. Wood, you make a point in your brief as well as in your verbal remarks this afternoon that there are people who call themselves public relations representatives who are not members of your society.

What are the qualifications for membership in the society? I realize again in your brief you say that you can become a member after five years but what sort of control do you really exercise in deciding that Mister X will become a member in good standing and Mister Y will not be considered a member in good standing? Have you such a thing as an admission committee?

**Mr. Wood:** We do, Sir. At each level we have an application chairman of the membership committee. The society is charged with the responsibility of screening the membership prior to or upon application of a person and then that membership application is sent to the national body which also screens the application. I should like to point out, however, there are several categories of membership as outlined in the brief. We encourage probationary membership amongst students or people intending to become serious public relations practitioners. You can become an associate member, akin to apprenticeship, after two years and an active member after five years full time public relations practice.

**Mr. Fortier:** Has the National Society ever refused membership to one who had not been recommended by a member association?

**Mr. Wood:** Yes, Sir.

**Mr. Fortier:** Has this happened often or are these isolated cases?

**Mr. Wood:** Not often, Sir, no; because the member societies I think are taking their responsibilities quite seriously and by the time the application comes to National it is generally thoroughly screened.

**Mr. Fortier:** What criteria would you use at the national level that was overlooked at the provincial level?

**Mr. Wood:** In some instances it is an honest oversight as to the date—two year or five year—and in some cases we send the application back for clarification of a particular period of activity where we are not sure from the description that it was indeed a bona fide public relations activity.

**Mr. O'Regan:** If I may add to that: initially it must be proposed and seconded by two active members who have attested to the applicant's qualifications. I should like to mention that the Chairman of the membership committee at the regional level must also check qualifications on the application and submit it to the Board of Directors at the regional level. A final check as to the qualification of the applicant is the thirty day period in which the name is posted among all members across Canada and following no objection becomes ratified as a member.

**Mr. Fortier:** Could one member, once a name is posted, veto the application for membership of an individual.

**Mr. O'Regan:** He would not veto it. It would be brought back to the chairman to check into the pro and con of whether the objection was valid or not.

**Mr. Fortier:** Would a hearing be held in the normal course of things where it was a contested application.

**Mr. O'Regan:** I would think in most cases this would be referred back to the Regional Society for their action. Most of the applicants, as our National Chairman pointed out, who are not permitted to join, they are caught at the regional level.

**Mr. Fortier:** What about the disciplining of members?

**The Chairman:** Before you go on to that... the applications are at the local level, are they?

**Mr. O'Regan:** That is right.

**The Chairman:** I think Mr. Wood asked about the fall-out at the National level; what about the local level? Is it tough to join the PR Society?

**Mr. O'Regan:** I don't know that I would use that particular word, Senator Davey, I believe our criteria for membership are strong but valid. He must be highly qualified, have the skill and knowledge. We do rely upon the proposer and seconder, their ability in the field and of course their active membership. I would think in the Ottawa Society in the past year out of a possible 15 applications we have rejected at least 3.

**The Chairman:** Without being unfair to those people, for what kind of reasons have you rejected them? Is lack of experience the basic one?

**Mr. O'Regan:** Partly. I think lack of experience... if you refer to the Chairman's opening remarks he said there are people who call themselves by the name of public relations people who are not qualified for the practice as we in the Society practice it.

**Mr. Harris:** For example, there have been people who have been salesmen and not public relations people and on examination it became quite clear they are in sales promotion or some field of that kind.

**Mr. Wood:** If I could amplify the remark, we welcome membership in the society. We want qualified and bona fide public relations people to join the society. We sincerely hope that the society is elevating or improving the practice of public relations.

**The Chairman:** You have 950 members—I think I saw that figure somewhere in the brief. In your opinion, and I realize it can only be a guess, how many bona fide public relations practitioners are there in Canada who do not belong to the Society.

**Mr. Wood:** I should think something in the order of 400.

**The Chairman:** Do you attempt to recruit those people in.

**Mr. Wood:** This varies with the society.

**The Chairman:** It is a local matter?

**Mr. Wood:** Yes.

**The Chairman:** Do you in Toronto, Mr. James?

**Mr. James:** Yes, we do try, Senator. We would be very anxious to have a good many Toronto practitioners in. There are two main reasons for it: One is membership is voluntary. The other reason is in some corporations they feel they cannot sponsor the membership of their entire public relations body. There are people working in public relations who are not at the sponsored level. Those are two big reasons. I appreciate that there are perfectly fine practicing public relations people who do not in fact belong to the Society. We do try to mount a campaign every year and the membership has gone up.

**The Chairman:** Of the 950 members how many of them would be in Ontario? Could you break it down regionally for us?

**Mr. James:** The Toronto Society has 300.

**Mr. O'Regan:** 109 in Ottawa.

**Mr. Heal:** Just over 80 in British Columbia.

**Mr. Balcer:** 255 in Quebec.

**The Chairman:** How many would you have in the Maritimes.

**Mr. Wood:** We have a roster here. It would be in the order of 45 to 50.

**The Chairman:** On the Prairies the same, I suppose?

**Mr. Wood:** A little more; probably 75 to 90.

[Translation]

**Mr. Gagné:** Mr. President, we also have a section in Newfoundland, which must have from 15 to 20 persons.

[English]

**Mr. Chairman:** I have some other questions but I know the one you are leading up to. You go ahead, please, Mr. Fortier.

**Mr. Fortier:** What is a member is a bad PR man? Do you discipline him?

**Mr. Wood:** We have a judiciary committee and under the terms of our bylaws there are grounds upon which a person can be brought before the judiciary committee.

**Mr. Fortier:** Yes. I think some of them are recited in your brief. I am more concerned about the quality of the work done by the individual. I repeat: Supposing he is a bad PR man and doesn't necessarily do anything unethical. Just as there could be a bad doctor or lawyer...a bad lawyer would not be ousted from the Bar Association.

**Mr. Chairman:** He would not be?

**Mr. Fortier:** Well, I have lost a number of cases! That is what I mean...not a competent man.

**Mr. Wood:** We do not have any legal grounds other than ethical, other than stated in our constitution, for removing a member once he is a member of the Society. Hopefully our admission screening would catch those before they happened. They don't always do so.

**Mr. Harris:** It might be mentioned that the accreditation...this whole question of standards and qualifications is going to be resolved in the accreditation system which is only a year old now. Something like 103 of the members of the 950 who have written their exami-

nations have become accredited, which is not bad.

**Mr. Chairman:** Could I ask you a question on that? I would like to ask about the exam. Is it a written exam?

**Mr. Harris:** There are three parts to the process. One is that you have to submit a project, something that you have worked on in your organization perhaps. Secondly, you have to undergo a written exam which takes the better part of three hours and finally you have an oral exam.

**Mr. Chairman:** What kind of questions might be asked first on the written?

**Mr. Harris:** I am not allowed to divulge that or I will lose accreditation.

**Mr. Fortier:** You pass them?

**Mr. Harris:** Yes.

**Mr. O'Regan:** I would like to add that with the application to write the examination, the accreditation examination, you are required to provide the names of six references and our accreditation board does contact each one of the references.

**Mr. Chairman:** I don't want to labour the point but surely you can give some idea of the kind of question. Would it be a sort of case history he would be asked or what would he do?

**Mr. Wood:** First of all I should like to add to something that Mr. Harris said. He indicated that our accreditation had been in process for a year. This is only true of the English speaking portion of the membership because of some translation difficulties we had on our case history.

**Mr. Chairman:** It is a case history thing?

**Mr. Wood:** If I could speak to your specific question. The kind of questions we relate to...are intended to find out the public relations experience of the person taking the examination rather than the type of question which would ask you to do a logarithm on a certain specific number or a page number in a text.

**Mr. Chairman:** What percentage of people trying have passed the exams?

**Mr. Wood:** The accreditation board is a separately operated entity under the direction of Dr. Roby Kidd. The National executive



does not have access to the exact figures but we are told the failure rate is very low indeed, less than 2 per cent.

**Mr. Chairman:** Less than 2 per cent?

**Mr. Wood:** Yes, I should think so.

**The Chairman:** Mr. Fortier.

**Mr. Fortier:** Mr. Wood, you make much of the statement in your brief that the practice of public relations in Canada has become a recognized management function. I stress the word "management" because it appears throughout your brief. Are you implying here your members are all top management men, which they are not.

**Mr. Wood:** No, Sir. The term is not to imply that management has the ultimate responsibility for the function of the public relations but in order that the public relations function properly in any organization, it must have open complete access to top management. You cannot very well represent somebody that you don't understand.

**Mr. O'Regan:** In effect public relations is the staff or support function for management, with management having the responsibility for public relations.

**Mr. Chairman:** Mr. Gagné.

[Translation]

**Mr. Gagne:** Mr. Fortier, in most large companies, the public relations department is run by a vice-president. So it is part of the management team, and this vice-president is assisted by specialists in the various areas of public relations work. To give my own case as an example, I am directly responsible to the vice-president of Alcan, and when he is away, I take his place at board meetings. If problems come up while I am away, my assistants take them in turn and bring them to the attention of the management, even of the president, and recommend courses of action to him. So they say that all the public relations experts are management people, and if there were not this trust, and this free access to the senior officers of the company, they will not be able to do their work as they should.

[English]

**Mr. Fortier:** I wonder, Mr. O'Regan did you get a translation of that answer?

**Mr. O'Regan:** Yes.

**Mr. Fortier:** How would you relate? You are with the Department of Agriculture, you are a civil servant.

**Mr. O'Regan:** A public servant.

**Mr. Fortier:** How would you relate that view, those comments, to your particular role in the Government Department? Do you have access to the "top dog"?

**Mr. O'Regan:** Yes, I do. I am an Assistant Director.

**Mr. Chairman:** I assume you mean the Minister when you say "top dog".

**Mr. Fortier:** You can read what you want.

**Mr. O'Regan:** I would say "yes", I do have access when it is required for me to do so. Under normal circumstances the Director of the Information Division is responsible to the Deputy Minister and is a member of the Senior Management Committee; he is not restricted to information aspects.

**Mr. Fortier:** There is a parallel between your role in the Government and your colleagues' role in private companies.

**Mr. O'Regan:** Yes. I shall be sitting in the particular role for the next three weeks while my Director is on holidays.

[Translation]

**Mr. Gagne:** Might I add something for everyone's information? Taking a company like ours as an example, I direct public relations activities throughout the country, but I have assistants in each province, and they look after affairs at the provincial level. They belong to the provincial management of the company. In Kitimack, for example, where we have a large plant, we also have a public relations department. It is the duty of the director of the department to advise the manager of the Kitimack plant, and we have the same thing in Newfoundland, in Vancouver, or in Toronto or elsewhere.

**Mr. Fortier:** Do these people report directly to you?

**Mr. Gagne:** In disciplinary matters and overall thinking. But in their daily work, they act as advisers to the local management, and have to assist local management in performing their civic duty and meeting the requirements of their positions.

**Mr. Fortier:** How do you at Alcan—I keep coming back to the word "educate"—how do

you educate a man who joins the company to be an expert in public relations?

**Mr. Gagne:** I do not like the word "educate", if it's all the same to you. This is what I did last year.

**Mr. Fortier:** You do not like education. However, on the Gendron Commission they talk about it fairly often.

**Mr. Gagne:** What we do now is to recruit either from within the company or from among people in the social sciences, and after a year or two in one of the departments, you invite them to join your own, and there you train them. Last year we began by hiring a young student from Loyola College in Montreal in the communication department, and he spent a summer working for us in Montreal. This summer, if he returns, we are going to send him to Kitimack, where he will work in the public relations department, but as a member of a team. If he comes back next summer, we shall send him to Arvida, and he will be able to work in both languages, and after that we shall assign him to a permanent position.

**Mr. Fortier:** Mr. Gagne, in most companies like yours, where your colleagues work—I am putting the question to you and your colleagues—do you prefer to go after someone who is just leaving school, college or university, and gradually promote him within the company, or do you more often go after middle-aged people and then try and fit them into your department?

**Mr. Gagne:** Your question is in two parts. Firstly, if I have the time, I prefer to get young people and train them. If I do not have the time, I will either look for someone in another department within the company, or go outside. But on that point, there may be others who...

[English]

**Mr. Fortier:** Would Mr. Wood care to comment on that question?

**Mr. Wood:** If a company is large enough to have more than one or two people in its public relations or information department I should think it would prefer to bring in people and move them up. But if a company or an organization were hiring only one person I should think they would prefer to hire a fully experienced person because of the managerial aspect of the function.

**Mr. Harris:** We were lucky last year to get two from Loyola and one from Carleton in Ottawa. All three are doing very well. This is becoming more and more the case now you have good Departments of Journalism or communications, or whatever name you want to give them.

**Mr. O'Regan:** I would like to add to that that we are in the midst of doing something quite similar at the Canadian National. We will have two students coming in in May, one from the Carleton University School of Journalism, majoring in public relations, and the other one from Macdonald College. It depends particularly on the type of job you have whether you bring in students or bring in the more mature and more experienced people. I think perhaps the trend is toward students. One member of the Ottawa Society has an apprenticeship of 18 students working for his company.

**Mr. Wood:** Mr. James had a comment.

**Mr. James:** I was going to add there is a mix in our company. Sometimes we go outside for senior people with special skills. We do also have people start their public relations career say from University or shortly thereafter—perhaps one or two years of newspaper experience. These are other people who move into the department and back out into their own department two years hence. They have two years in the department doing Administrative and other work and then move back to their own department. We have a mix.

**Mr. Fortier:** It used to be that public relations people came into a corporation from active journalism. This was the case in England.

**Mr. Wood:** Predominantly. We used to practically insist.

**Mr. Fortier:** Do you find that the young people who join your respective companies or associations fresh out of college or university lack a certain necessary required knowledge of the everyday newspaper, radio and television life, which seems to me would be so important.

**Mr. Wood:** Mr. Fortier, as I tried to say at the outset there are many other functions of public relations other than the news relations.

**Mr. Fortier:** Let's talk about that one.

**Mr. Wood:** It is therefore as necessary today as it might have been twenty years ago.

**Mr. Fortier:** Because of the other side?

**Mr. Wood:** The other side has evolved. I would like Mr. Heal to comment.

**Mr. Heal:** The newest experience does give some very practical background in the researching and assessing of information and the communicating of it. After all the communications function is the essential part of our business; so high skills in communications are very well regarded by all of us in the business. We tend to bring a great many people in from the news media and in many cases they also have a very strong academic background. In our own organization our four senior people were all university graduates before having anywhere from 10 to 15 years in the newspaper business.

**Mr. Harris:** There was another aspect to the question, Mr. Fortier: Do these people lack experience, the ones coming from from University? I think the courses are giving them a good deal of practical experience. I know we have students fairly regularly now coming around on assignments in public relations and they certainly carry out the practical assignments in journalism. At Loyola they have a very well equipped TV, radio news room and production facilities. So again it is not just an academic process.

**The Chairman:** Could I ask Mr. Wood a question for the benefit of the Senators. I think they would be interested. Could you state concisely the relationship between the practice of advertising and the practice of public relations? What is the relationship?

**Mr. Wood:** They are two different functions.

**The Chairman:** Do you want to expand on that?

**Mr. Wood:** Public Relations is involved with the entire field of communication or can choose and make use of many forms of communication. Whereas advertising is a paid message usually requiring specialized skills.

**The Chairman:** Would it be fair to say that one of the techniques a PR consultant can employ is advertising.

**Mr. Wood:** Certainly advertising can be used as one form of communication, yes.

**The Chairman:** A public relations word we hear a great deal about is "image". What is public relations imagery? Is that a bad word in the Society or a good word?

**Mr. Wood:** I don't like the word myself.

**The Chairman:** Why?

**Mr. Wood:** To me it connotes something that is not really there.

**Mr. Harris:** Artificial.

**Mr. Wood:** Artificiality.

**The Chairman:** In other words, in the context of your society it is a bad word.

**Mr. Wood:** The Society has not made any judgment as a Society. We don't take exception to the word. We think that people intend it to mean "reputation". If that is the way it is intended I have no objection.

**The Chairman:** How do you personally describe a corporation's overall reputation? Is "reputation" the word you use?

**Mr. Wood:** "Reputation" is the word I use.

**The Chairman:** I would like to talk to you about the reputation of PR people. I was going to say "image" but let us say the "reputation" of the PR people.

The *Globe and Mail* in an editorial, which I am sure you saw, appearing on July 7th, 1969 said, referring to the PR counsel: "The opportunity to influence what the public reads, hears and sees is as great as it is subtle."

Do you think your influence is "great" and do you think it is "subtle"?

**Mr. Wood:** I would like to think it is as great as that editorial seems to believe it is. I have very great respect for newspaper people. I think they examine things that are given to them with skill and a careful eye. Mr. Charles Harris, could you comment on that?

**Mr. Harris:** The word "subtle" suggests something a little sinister. I don't think there is very much of that in public relations.

**The Chairman:** Let me ask you another question, Mr. Harris. The *Globe and Mail* is a well respected newspaper in this country and it says editorially that you fellows have a great influence and that it is a subtle influence. We have put this to many of the publishers who have come before this Committee. I think we have asked everyone of them to describe their relationship with public rela-



tions people, to describe the public relations function, if you will, and to comment upon it.

What do you think the average reaction has been?

**Mr. Harris:** About public relations?

**The Chairman:** What do you think the media thinks of you people generally?

**Mr. Harris:** I think it would vary depending on the personal experience they have had, that an individual reporter or any newsman would have had with a public relations organization.

**Mr. Wood:** Mr. Chairman, I think they probably view us as a useful source of information subject to further checking.

**Mr. Heal:** Mr. Chairman, of all the information and advice that is available to management, the public relations function is probably the one that is most in the forefront. Certainly there is nothing hidden about the connection of the public relations man in advising a company or acting for a company. Our names are put to every piece of information that goes out on behalf of that company and in many cases probably the news media would more often know the public relations representative than the legal or financial counsel of the company because it is in the forefront of the day-to-day relationship with the company.

I was going to say at the best level of performance in public relations, I think we bring a specialized focus of attention to the communications requirement and implications of any situation. If a project is being initiated there are concerns about the financing of it, technical concerns about bringing it into production and concerns about how it will affect all of the people who are involved—government, shareholders and employees. It is at that level we bring a specialized focus of attention to advising management on the implications of the situation.

**Mr. Harris:** I wanted to add an instance to your specific question, Mr. Chairman. We are in the process of taking a survey now to find out exactly that—what the media do think of us. This is not the first time for this particular survey. It involves about twenty companies who go in on a corporate basis and is done by an independent survey firm. The sort of questions they want to get at are in terms of whether they think the information they are getting from us is accurate; is it freely volunteered; what is our reputation for

honesty in dealing with them, giving the bad news as well as the good.

The last one we took, the last one we were apart of showed our reputation was pretty good. I am talking about our own company now.

**The Chairman:** I am concerned with the aspect of your activity which relates to media relations. I am asking the question specifically about that. Does the media concern itself with whether the PR people are members of your Society or not. Is the media concerned about whether or not the PR people belong to the Society.

**Mr. Harris:** I don't really think so.

**The Chairman:** Would it help you if they were.

**Mr. Wood:** I think it would be of help to the media but this is a highly biased point of view.

**The Chairman:** Mr. Wood, let me ask you a question. You say in your oral brief, if I could quote, you say: "there are also a number of people in Canada who choose, perhaps because of the growing prestige of the name, to call themselves public relations representatives."

What evidence have you go to offer, what evidence can you bring, that the name "public relations representative" has a growing prestige.

**Mr. Wood:** In almost any classified advertising section of the newspaper today you will find that instead of an advertisement for "a salesman wanted" "a salesman with a car wanted", it is a "public relations representative".

**The Chairman:** Is that not unfortunate from your point of view.

**Mr. Wood:** They are really looking for a salesman but in order to enhance the prestige of that position, they are using the name "public relations representative". It is unfortunate from our point of view, yes.

**The Chairman:** From your point of view it is unfortunate.

**Mr. Wood:** Yes.

**The Chairman:** What indication is there that public relations representatives, as such, have a "growing prestige".

**Mr. Wood:** Because of the desire of non-public relations people to call themselves public relations people. This is what we had in mind, what I had in mind when I made the oral statement.

**Mr. O'Regan:** I would like to say, Senator Davey, that the increased usage of our services by the media is certainly an indication of the prestige slowly established by the Public Relations Society. In answer to a former question, it has been my experience that the electronic media, radio and television, do have a relatively good regard for our services and the print media is mixed. I was quite pleased to have come into my possession the submission from the Montreal Standard Publishing Company and I think on the basis of paragraph 25 in the submission we have a relatively good reputation with that company.

**The Chairman:** You should be careful. I have the submissions of all the other newspapers.

**Mr. O'Regan:** I realize that.

**The Chairman:** They were not all as generous.

**Mr. O'Regan:** Radio and television generally good; print media mixed. With regard to the print media, if I may draw attention to the public record the senior Canadian Press man in Ottawa, he has gone on record stating he finds valuable, the public relations service of the Government. The common complaint of the mass media in that it is flooded with press releases but he has stated he finds use for every one he receives. Every one is being used and not put in the waste paper basket.

[Translation]

**Mr. Gagné:** What often happens is that a number of small companies have what they call public relations officers, people who are not professionals, and they flood the newspapers with news releases that are really free advertising, and that can hurt us.

When you have worked with newspaper editors and radio and television people for a number of years, you establish very close relations, and if you ask them, you will discover that they appreciate the service you provide. I have been in the profession myself for thirty years, and often I even took the journalists side with our company, to get them more information than the company wanted to give.

I do not want to take issue with critics of the newspapers, and I would not like to gen-

eralize, because in our profession, there are some good public relations specialists. But there are also some who are not so good, and the bad apples often spoil the barrel.

[English]

**The Chairman:** Senator Smith, were you going to ask a question?

**Senator Smith:** I would like to come back to something said a moment ago by Mr. O'Regan. It is my impression that when we had some discussions with various segments of the business press that they were the most enthusiastic of all with regard to the use of material given to them by the public relations people in general. It was balanced to some extent by quite a number who left me with the impression they viewed it with some suspicion as to whether it was really news. Perhaps they didn't have time to check.

Have you any comment to make on the question? In regard to the business press, perhaps that does not concern you in your particular function with the Department of Agriculture as much as it would one of the industrial representatives here.

**Mr. O'Regan:** I think basically, Sir, we are dealing with value judgment between the public relations man as opposed to the editor in his judgment as to the factors which pertain to news within the release. I think it is necessary to draw distinction between news and information. I would think that in Government, to a great extent, we deal more with information than news... information of the services and programmes of the Government which the editor would not classify as news. The only time that is news is when the initial policy is announced. The programme is not news.

**Senator Smith:** The complaint you mentioned about the great mass of stuff that comes over the editor's desk is true of the weekly newspaper editors at least. They say they cannot cope with this at all and most of it goes in the waste paper basket.

**Mr. O'Regan:** I would agree with you, I have had that reaction. I attend their annual convention. I also had some positive reaction with regard to my own department. They do make use of what we call our NEWS, NEWS, NEWS.

**Senator Smith:** We have them coming down to visit with us the next week. You better come down.



**Mr. Harris:** I think this is one area where the public relations people have not done enough to improve their service—in the area of tailoring things like press releases to the specific needs of the media. It is being improved but I am not sure all of us have done as much as we could to send out separate releases for radio, for example; whereas years ago they used to get the same release as newspapers. Brian O'Regan is doing a first-class job, for instance, of putting out special productions for the radio people. I think it is likely that the business press is one area where the material has been specifically tailored to a given publication interest and requirements.

**Senator Smith:** And of course it is not tailored as news. They are putting out information.

**Mr. Harris:** That is right. We know they are awfully anxious to get it.

**Mr. James:** The business press in the general area of the feature-type article—it is not hard news. There is also the problem of the heavy type of article. They come and say we would like to do the same thing you are doing. We would like to see it have application and be able to tell the rest of our readers about that. We do tend to tailor-make a story. There is a close relationship because of this.

**Senator Smith:** Mr. Chairman, could I ask another question? I would be interested in the regularity which seems to occur in something. There will be an information or a news story, a combination of both, which appears in a magazine or newspaper, and somewhere pretty close to that same material will appear a highly priced ad for that particular company involved in that general subject area. Is that ethical in your functioning as a public relations people? Is it ethical for you to assume if you buy an ad, you have a better right to expect the material which you submit to be published close to or on the same page as that ad?

**Mr. Harris:** I would like to think that that is coincidental. We are an advertiser, advertising is part of our public relations programme. When Canadian National uses a publication, whether it is the weekly newspaper or a magazine or a radio station or whatever, it is because we are getting value for what we are paying in that medium and not with any intention of influencing. There are people in the company who suggest that because we put an ad in the publication we

ought to get a better shake on the news. My answer to that is if we didn't think it was a good advertising buy in the first place we would not be there.

**Mr. Wood:** It is generally true, Sir, I think that most public relations people don't think too highly of magazines or publications of any kind that would make that kind of statement.

**The Chairman:** Perhaps I could preface this question by asking: Are any of you with the PR Counselling firms?

**Mr. Heal:** Yes, I am, Mr. Chairman.

**Mr. Chairman:** That is James Lovick?

**Mr. Heal:** Yes.

**The Chairman:** Is there a corporate membership in the Society?

**Mr. Heal:** No; it is entirely on an individual basis and each member of the Society can only qualify on his individual performance and background of experience.

**The Chairman:** Do you in the Toronto Society, Mr. James, have representative members from Public Relations Services Limited.

**Mr. James:** I believe one.

**The Chairman:** Public Relations Services Limited are the company which has been buying the full page from the *Toronto Telegram* and running on that page editorial copy. You are quoted, Mr. James, in *Marketing* of September 15, 1969, as saying: "I think it is bad. My concern is what implications it has for press ethics." The article goes on as follows, "James feels the reader would tend to lose faith in the accuracy and objectivity of newspapers and reporters if the reader could not tell what is advertising and what is important reporting."

Could you comment on that?

**Mr. James:** First of all let me say the page is not identified as advertising although it does have a leader at the top which indicates it is paid space. However many people do read the page and perhaps would read it with the idea it is hard news. I am concerned, as I expressed it in the comment in *Marketing*, if, for instance, the financial editor—this is in the financial section—if the financial editor did have other views than those expressed in the paid space. It makes it more difficult for him to point out those views when they might be on the page opposite and it might be one



contrary to his views. I would prefer not to seek communications of this type. It might be alright if it was clearly identified as advertising and perhaps in a different type face. I have some concern that it puts the paper and the editor under some duress, if in fact the articles were quite different from the policy of the paper.

**The Chairman:** I gather, Mr. Balcer, that the same practice is engaged in by *Le Devoir*?

**Mr. Balcer:** I understand they had the deal for one issue and they have dropped it, I think. Is that right, Mr. Gagne?

**The Chairman:** Mr. Gagne, does *Le Devoir* still do this?

**Mr. Gagne:** To the best of my knowledge, no. I know some former newspapermen and PR people have made unofficial representation to some of the staff of *Le Devoir*.

**The Chairman:** Is the *Telegram* still engaged in this practice, Mr. James?

**Mr. James:** I believe so. I haven't seen the paper recently. I can't recall the time I saw it last.

**The Chairman:** It quotes the President of PRSL, Mr. John Hall, as saying:

"The services of value to both the *Telegram* and the client as it producers timeless in-depth articles of the equality that cannot be attained by the media which have neither the time nor the resources to devote to such projects."

You don't agree that is a valid contention by Mr. Hall?

**Mr. James:** I don't think so. I think the in-depth articles—certainly the Toronto papers, and I can only speak for them—that they now do in the Saturday section and other editions, I think they would be capable of doing them.

**The Chairman:** Mr. Wood, is there a Society position on these paid editorials—because that is what they are. Do you have a position?

**Mr. Wood:** The Society has not been asked to get a consensus on that.

**The Chairman:** Here is one of the biggest public relations counselling companies in Canada engaged in a very questionable practice and one which has occasioned a great deal of controversy certainly in and around

Toronto. Would this be the kind of thing your Society, the local Toronto branch, on which you could take a stand? Couldn't you discipline the representatives of this company who belong to this society?

**Mr. Heal:** Perhaps since Mr. James is involved... could I say something?

**The Chairman:** Fine.

**Mr. Heal:** We should recognize who has the prime area of responsibility as to whether the material is objectionable or fits into the policy of the newspaper. It's the newspaper's responsibility. It affects the judgment of their readers on the quality of their paper as to whether they run what would be called paid editorial space. The responsibility rests with the newspaper.

**The Chairman:** I would agree with you, Mr. Heal, in the first instance; but surely in the second instance it is also equally the concern of the public relations community when PRSL are engaged in practices open to question, notwithstanding the fact the newspaper is cooperating.

**Mr. Heal:** I think that is true. We have not obtained consensus of opinion across the country from this subject.

**The Chairman:** Mr. James, did you want to add something?

**Mr. James:** We haven't even obtained a consensus within the Board of the Toronto Society. This is a very difficult area because, as I mentioned earlier, it does identify this space as paid for by—I forget the name of the company. It is identified, the name of the company. It is not identified as paid for by PRSL.

**Mr. Wood:** I am not sure we could discipline the individuals who belong to the Society from that firm. He may have nothing to do with that particular project. His company is not a member of the Society.

**Mr. James:** I think the crux of the whole matter is it may be prepared so skilfully the editor of the paper might not have wanted to change a single word. It may have been prepared so skillfully they didn't have that much time available to research it but the operative quality of it is it has not been subjected to an editing pencil and therefore should be clearly labelled "advertising".

**The Chairman:** That and the fact it deceives the reader or it may deceive the reader.

May I ask you on page 13, section 44, you say: "we do not intend to deal in detail the ownership and control of mass media or their performance, influence and impact."

I would like to ask you why you shy away from making those observations, particularly when in appendix 'A' we have some very forthright observations which we would like to speak about in a moment or two—some very forthright observations from the Canadian Public Relations Society in Quebec. How is it that that Society could take a position and you fellows cannot.

**Mr. Wood:** Mr. Chairman, the Quebec Society questioned each of its members and I understand the appendix is a consensus of the questioning. There are as many different media in Canada, far more media than there are public relations people and the Society has not made a value judgment on individual papers or publications or radio or television stations from coast to coast. I am sure that all individual members of the Society have opinions about the quality of specific publications but it is impossible for the Society to make a value judgment of that nature.

**The Chairman:** May I ask you this? In appendix 'A', page 2, you say:

"The French-speaking members see this multi-media ownership as a threat to the freedom of the press, and to the exactitude and objectivity of information. The English members agree that it could be a threat to objectivity."

My first question is: Who wrote that sentence "The English members agree that it could be a threat to objectivity"? Is that the opinion of the Quebec Society or is that the opinion of the National Society?

**Mr. Wood:** It is the Quebec Society.

**The Chairman:** This is the English press and the Quebec Society?

**Mr. Harris:** Yes. It is made up of about 250 members—50-50.

**The Chairman:** I would like to talk about Quebec. Mr. Wood, are you in your capacity as a Public Relations Counsel in Calgary ... and not in your capacity as Chairman of the Society.. concerned about the increasing concentration of media ownership in Canada.

**Mr. Wood:** Not in the west, Sir.

**The Chairman:** In Canada?

**Mr. Wood:** Because of the nature of my specific duties I don't deal with media outside of Western Canada.

**The Chairman:** So in the west you are not?

**Mr. Wood:** There is no evidence to lead me to believe that there is any danger arising from multiplicity of ownership in the west.

**The Chairman:** Are there any other people not from Quebec who would care to state a personal opinion? I am not trying to draw you out but I think the Committee would be most anxious to hear before we turn to this Quebec appendix.

**Mr. O'Regan:** Senator, about five years ago I undertook a study paper, in the United States, based on the situation in the United States. It showed there that there has been a growing trend towards chain ownership and monopolization of the media which perhaps originated back in the 1890's. As a result of my studies and as much reference material as I could undercover, I found no real great concern over this particular issue in the United States. I am speaking now of 1965. In consultation with the Dean of Journalism at the University of Wisconsin and others they seem to agree with the conclusions I reached at that time.

With the evidence brought out before your Committee and my own continuing interest in this particular subject, I myself at this stage see no danger in chain ownership or monopolization except where it occurs in a localized area within a City or Province, as has been brought forward to you. I think basically the danger of this situation where there could be a manipulation of opinion is offset by the competing media which does exist in the country.

**The Chairman:** I think the Committee would be most interested in having a copy of your paper which we would return to you, if you wouldn't mind.

**Mr. O'Regan:** It goes a little beyond that particular subject.

**The Chairman:** Mr. Heal, do you want to comment on that? You are from a City where there are no newspapers!

**Mr. Heal:** We miss them. I have enjoyed the opportunity of reading the three Toronto

newspapers and the Ottawa papers for the last few days. In Vancouver I don't think we see any harmful effects of chain ownership in the quality of material that is present in the two newspapers that still compete quite aggressively in the editorial content of the *Vancouver Sun* and the *Province*. I think the resources of the organizations involved in owning those two papers are such, they have possibly enabled both newspapers to continue in operation, where that might not have been possible on an independent basis.

**The Chairman:** Mr. Harris?

**Mr. Harris:** I am a Quebecker.

**Mr. Wood:** I am perfectly willing to comment on the Alberta situation.

**The Chairman:** I did want to talk about appendix 'A'. Perhaps, Mr. Fortier, you might want to put that question. Mr. James, have you any comments?

**Mr. James:** As was mentioned in the preamble the Toronto Society did feel it is not necessarily undesirable, providing there is individual determination with respect to editorial and broadcast policy. We in Toronto are fortunate, we are not speaking of chain operation as far as the daily press is concerned.

**The Chairman:** I think you are. The *Globe and Mail* is a member of a chain.

**Mr. James:** Yes; but not a one-ownership community. This is what I meant to say.

**The Chairman:** I want to ask you a question on the Toronto viewpoint. You say the Toronto Society adds the view this is not necessarily undesirable. "Not necessarily undesirable"—is a very interesting phrase. You go on to say "providing the individual publishers, editors, or station directors, are allowed to establish with complete independence their own views on editorial policy."

Now is it realistic to expect they will have complete independence?

**Mr. James:** No; I would suppose if you put it in those terms, it is not realistic. I think what we initially suggested and should have left in was "to establish and maintain their own news and editorial policy as an ongoing thing". Obviously it could be difficult to have complete independence at all times.

**The Chairman:** Mr. Fortier?

[Translation]

**Mr. Fortier:** Mr. Balcer, this growing concentration of Quebec newspapers in the hands of one group—Mr. Desmarais' group—leads you to say that it may become, and has in effect become, a threat to the freedom of the press. On the other hand, you acknowledge in paragraph 2, further down—unfortunately, I do not have the French text.

**Mr. Balcer:** I was actually going to tell you, by way of introduction, that the original work on our text was done in French.

**Mr. Fortier:** Yes, I noticed that when I read the English text.

**Mr. Balcer:** Yes, and the translation was done locally; it is a literal translation.

**Mr. Fortier:** Yes, and I would very much prefer to have the French text, if you have a copy—I do not think I was given one.

**Mr. Balcer:** As an introduction, I think I should explain to you how our group from Quebec City proceeded.

**Mr. Fortier:** Yes, please.

**Mr. Balcer:** We examined the Senate Committee's terms of reference, and drew up a list of questions that relate directly to the points raised in the guidelines. We knew that the National Society would cover the public relations function in Canada, as such. So we restricted ourselves to an examination of the points that might concern the public relations function, and what we came up with was a questionnaire, to which our members replied; matters were so arranged that we could tell whether each respondent was English or French-speaking.

Therefore, a reply was drawn up for the two groups and we proceeded from there.

That is why, in our text, you often see that it is said that the opinion of francophones, natives of Quebec, is one thing and that of anglophones something else.

In the French text, coming to item 8, we say that our French-speaking members see the concentration of ownership as endangering freedom of the press, and so on. That is much milder than saying "we see a threat".

**Mr. Fortier:** Yes, it is a possible danger, given exaggerated importance?

**Mr. Balcer:** Yes.



**Mr. Fortier:** That brings me around to asking you this question: what is that danger? What are the factors which have been observed by your group, as being able to endanger freedom of the press? Is it simply the fact of concentration, or are they things that have happened, within newspapers belonging to the Desmarais group?

**Mr. Balcer:** I do not believe that they are really things which have happened, but it is mainly the fact that all information points would be controlled by the same source, if you like, whereas we would have only one side of the coin, on events which are to happen.

**Mr. Fortier:** Yes, but if I understand your testimony correctly, to-day, it is to the effect that this danger is not a fact. Nothing has happened which permits you to say: Ah! You had been told that there was a danger?

**Mr. Balcer:** Well, from what our members told us, I do not think so, no.

**Mr. Fortier:** Two paragraphs further down, you recognize that the concentration of media ownership is brought about first by economic and technological factors, and presently, in paragraphs 3, 4 and 5, you suggested that the Society was of the opinion that the quantity of information distributed in Quebec was sufficient. You say:

Our members are generally satisfied also with the quantity of English language media.

Then, how do you envisage quantitatively the number of separate media existing to-day, which have to cope with these economic and technological factors, which make independent newspaper publishing less and less profitable? How can the danger be eliminated?

**Mr. Balcer:** Well, several theories have been suggested. There certainly are several options, or suggestions, that have been made. Among others, it has been mentioned that some independent papers might receive government subsidies.

**Mr. Fortier:** Are you in favour of that?

**Mr. Balcer:** My personal opinion?

**Mr. Fortier:** Yes.

**Mr. Balcer:** Maybe, under certain conditions.

**Mr. Fortier:** If I understand correctly, in the questionnaire which you sent to your

members, you did not ask them to suggest ways of eliminating those problems, did you?

**Mr. Balcer:** No.

**Mr. Fortier:** Mr. Gagné, you were also consulted, obviously, you are one of the members to whom the questionnaire was sent?

**Mr. Gagné:** Yes, I answered the questionnaire, just like everyone else, but I did not participate in the analysis, because I am not a member of the board of directors of the Quebec section.

**Mr. Fortier:** Do you agree with the statement that reads:

That the concentration of ownership may endanger freedom of the press, truth and objectivity of information.

**Mr. Gagné:** Yes and no. I do not have the same fears as other people. Now, as you said, it "may endanger". At present, that is not the case.

**Mr. Fortier:** At present, men who own such enterprises are not endangering freedom of the press? Is that correct?

**Mr. Gagné:** Not to my knowledge.

**Mr. Fortier:** But, if those men were not who they are, in other words, if it were in the wrong hands, we could have poor newspapers?

**Mr. Gagné:** I wonder whether it is possible to-day. You know that newspapermen are syndicated and that the editorial staff cannot make certain changes as easily as it would like to. I do not have the fears others have. They exist perhaps, but...

**Mr. Fortier:** Obviously, you are speaking of a milieu, a community in Montreal, where there are several papers, several radio stations and several television stations?

**Mr. Gagné:** I will make a correction. In my answer, I included all of Quebec—because I used to be a newspaperman myself, I was editor of weeklies, I know the position of newspapers in Quebec, I do not say it from the financial point of view, because I am not in on heaven's secrets. I see papers, I know them, and I see how they answer the information needs of the public, I say that, at present, I do not see the dangers that some see. There may be a danger, but it escapes me.

**Mr. Fortier:** On the other hand, let us take New Brunswick as an example, where all English language newspapers are owned by

one individual, that is, there is no competition where the written press is concerned in New Brunswick. It has been suggested, before this Committee, that certain news was not published in Mr. Irving's newspapers, just because the news concerned enterprises in which he was involved—or in which his conglomerate was involved. Is this one of the dangers to which you are referring here?

**Mr. Balcer:** That could be one, yes.

**Mr. Fortier:** I looked at Mr. Balcer, but Mr. Gagné, do you have something to say?

**Mr. Gagné:** This is my own personal opinion that I'm expressing. I am not up to date on the situation in New Brunswick, I should perhaps not answer that question, but since I have learned to live dangerously, I am going to answer.

I tell myself that if the situation exists—I would not so much blame the newspaper owner as I would be inclined to blame the editor of each of the newspapers.

You know, in life to-day, one must assume responsibilities, and one should not be afraid. Moreover, I would think of informing the public, because I have lived through similar situations. I was editor of a newspaper published by Alcan which, at one time, was a regional newspaper, because there were no other papers—and we let workers criticize us. I was able to get my directors to accept it. They accepted it and everyone expressed his point of view in the newspaper, and even criticized the company. It is necessary that those who assume responsibility, exercise that responsibility and be concerned about it. But, I do not want to criticize anyone...

**Mr. Fortier:** No, no.

**Mr. Gagné:** That is a personal opinion.

**Mr. Fortier:** That is why you are here, to give us your personal impressions, which are the result of your experience. You described what your experience was, which is very varied, and you certainly are in a position to express an opinion which deserves to be respected.

[English]

**Senator McElman:** Is there any chance of Mr. Gagné coming?

**The Chairman:** He wants to know if you will go to New Brunswick? He wants to know if you would go there and stay there?

**Mr. Gagne:** I don't know. It depends what challenge I would have.

**Senator McElman:** There might be a market for a good newspaperman.

**Mr. Gagne:** I am no good anymore! I can't write anymore!

**Mr. Fortier:** I wonder if Mr. Harris, who described himself as a Quebecker, and as such as referred to appendix 'A', collectively at least, would care to comment?

**Mr. Harris:** I agree, I think, with what they both said. It is a matter of degree. The idea is better expressed in French than English. What is said in Appendix A is: "It appears that the French-speaking and the English-speaking members of the Quebec society do not see the situation eye-to-eye. Everybody sees this as possible danger but I don't think any of us have seen any great evidence of it being real...that anything has happened as a result of it. I don't know what I could add.

**The Chairman:** I think that perhaps this might be an opportunity to thank our guests. As I think you gentlemen are aware, I think we really first became involved in a study of the influence of the public relations community on the mass media at the insistence of the Globe and Mail and the insistence of several programmes carried on the CBC; and because of that insistence it naturally lead us into an interest in the public relations function as it related to the mass media.

In the guidelines we forwarded to the publishers and others we asked specific questions about the role and function of the public relations industry. Those views are a matter of record and they are of considerable interest to us but they will be more meaningful because of the discussion we have had here today.

Certainly, Mr. Wood, we want to thank you. I won't thank all the people individually but I will thank you for bringing them. If the Society has additional ideas or views as a result of the hearing this afternoon we would be only too delighted to hear from you.

**Mr. Wood:** I thank you, Sir, for this opportunity, as I said at the outset. For the record, I think your committee might wish to know that all of us are appearing here today at our own or our organization's expense and not at the expense of the Society.

**The Chairman:** I was going to say I am delighted but I guess I shouldn't! Thank you.

We will adjourn until 4:15; then we will receive a brief from Mr. Beddoes.

**The Chairman:** Honourable Senators, this afternoon we are receiving a brief from Mr. Dick Beddoes who is, as I think most of you know, a sports-writer for the *Globe and Mail* in Toronto. I think in your briefing books you have biographic material on Mr. Beddoes so perhaps no further introduction is necessary from me.

The brief which you prepared for us has only been circulated to the Senators now and therefore I might suggest you begin by reading the brief and following that we would like to ask questions on the contents of the brief and perhaps some other matters as well.

**Mr. Dick Beddoes, Toronto Globe and Mail:**

Alright I will read from the brief.

We shouldn't be too shocked, I suppose, to discover that the special Senate committee on the mass media is naive about ghost writing.

The naivete appeared to be shared by Frank Swanson, publisher of the *Calgary Herald*, one newspaper that buys the Bobby Orr hockey column from the *Toronto Star Syndicate*.

Mr. Swanson told the committee, in response to a question from the honourable chariman Keith Davey, that he "takes the column in good faith and would be very surprised if Bobby does not write the column himself."

That is not quite the answer I would have expected from a publisher in the 20th Century, although it may be possible to understand the Senate's unawareness.

Honourable Senators are shy, retiring gentlemen after all, quite out of touch with reality in the monkish environment of the Upper House.

Chances are the solons really do believe the columns by celebrities in newspapers are really written by the celebrities.

Perhaps the senators, back there braiding buggy whips in a cave, believe there actually is a Susan Ford in the *Toronto Telegram*.

Maybe they genuinely think Nancy Greene, Jean-Claude Kilby, Gordon Howe, Ron Northcott, Eagle Keys and Frank Clair write their own stuff.

If they are possessed of such charming naivete, the senators must also believe that politicians write their own speeches.

It might interest Senator Davey's committee, therefore, to know that most athlete-columnists collaborate with a ghost who owns one typewriter and 95,000 gallons of gall. This is how it is in the year of our landlord, 1970, gentlemen...

Not to put too fine a point on it, let's put a portion of a recent Orr column on the senatorial record:

In my case, Bobby Orr Enterprises hired a man to put my thoughts and suggestions into readable form. He talked to me regularly, in person or by telephone. But I didn't need any translation through a ghost writer to forecast that Toronto Maple Leafs would finish last in the Eastern Division of the NHL. I meant it.

When I rapped Chicago Black Hawks for their shabby treatment of Bobby Hull, that was me talking.

When I suggested Punch Imlach was an old primitive who complained about the freedom of speech of modern players, that was my accurate expression.

That comment reflects how many NHL players feel, that Imlach's yap, loud as it is, cannot span the generation gap between young players and old retreads.

As to Canadian senators: they ought to know that ghosts don't just pop out at Halloween...

As to Mr. Orr, he is having one of the spectacular seasons in all the years of the National Hockey League.

He is in position to win practically every major prize: The Ross Trophy as top scorer, the Norris as the best defenseman, the Hart as the most valuable, and the Pulitzer as the league's smoothest writer.

It may be that P. E. Trudeau, the general manager of Canada, writes all his own material—but I know a few bookmakers who would bet the other way.

Richard Nixon's presidential addresses in the United States are generally a concoction stirred up by several speech writers, or ghosts.

The normally reliable New York Times reported that Nixon's message of last Nov. 3, the one where he made a corny appeal to the "silent majority," was one of the few speeches the president wrote almost entirely by himself.



Writers on the order of Ted Sorenson and Arthur Schlesinger were big in the blatting order of the Kennedy Years.

They had, in John Morley's phrase, the glory of words. It was their language which helped the Kennedys defend the New Frontier. Time magazine reported that it was Sorenson's words which Edward Kennedy spoke publicly in describing his adventure last July with Mary Jo Kopechne on Chapquiddick Island.

The Toronto broadcaster and American historian, Joseph Morgan, claims ghosts have roamed the White House at least since the assassination of Lincoln.

Judge Samuel Roseman, for example, wrote many of the speeches delivered by Franklin Roosevelt in the celebrated Fireside Chats.

It may be that political speeches actually written by politicians is a lost art that died with Lincoln.

It must be recorded, in all honesty, that Abe probably wrote the Gettysburg Address himself, I must admit, in all humility, gentlemen, that no ghost could have improved upon it.

There is a large body of opinion, however—in the Parliamentary Press Gallery and around the watering holes of the West—that ghost writers should be running the country.

That is because the ghosts know what skeletons are hanging in what closets.

I find it peculiar that many briefs submitted by newspaper publishers to this committee made scant reference to the sports pages.

I say peculiar because the sports pages frequently contribute as much to a newspaper's circulation as any other section. It is true that some intellectuals on newspapers deem an interest in games evidence of arrested development.

They seldom miss an opportunity to boast that they are utterly uninformed about sports and wouldn't know Avelino Gomez from John Diefenbaker. There is a foolish snobbery that exposes their own deficiency in the inability to see a whole, round world in which games have a part along with politics and science and industry and art.

Lester Pearson always seemed to be a more civilized Canadian to me because he could see sports and politics running as an entry. Mr. Pearson always bled a little for the Toronto Maple Leafs, for example, and I hope he has a good supply of tourniquets this winter.

It is unfortunately a fact that the quality of performance on Canada's sports pages is too seldom on a par with that in Canada's sports arenas. The profession is still burdened with hacks who make tin-can gods out of cast-iron jerks. I believe there still is a tendency among sports reporters to slant news in favor of the home team, to defer to local sports management for the sake of maintaining cordial working relationships, and to accept publicity handouts in place of digging for their own stories.

Some Canadian papers, unlike the Toronto Star or The Globe and Mail, permit their reporters to accept free meals, rooms and board from the teams with which they travel.

Some good-behind-the-scenes stories are killed because of untoward pressures. I am thinking of a case in Vancouver, in 1963, where a feverish sports fan employed as a managing editor instructed sports writers to re-write stories more in favor of the home team, the Lions, who had lost the Grey Cup to Hamilton Tiger-Cats.

Most of the slanting comes from too-close association with the coach, who throws a bone to the reporters every few days so they will have something fresh to write about, then expects the reporters to give him a break when the going gets rough.

This leads to pre-fabricated journalism. So much hockey coverage in the National League, for example, seems to me to be coverage of what the Establishment says.

It is the same in sports as in every other facet of news: reporters and commentators are used as conduits for brain-washing the public; and those who balk at being so used may find themselves excluded from off-the-record briefings and subjected to savage whispering campaign attacks.

It has been my experience that the Establishment uses every weapon from flattery to slander, from special news favor to exclusion, to make the sports attaches a submissive herd. Dissent is treated as not quite respectable, which was exactly the formula followed by Adolf Hitler.

There isn't any doubt that sports writers are bombarded by lobbyists for promotions and often take the easy way out, i.e., they not only accept an exorbitant number of free drinks, they also accept too many publicity releases as pure gospel.

In my time, publishers in Canada's major cities have guarded against selling their

sports pages to promoters by paying their sports writers enough money to be respectable. My experience in Vancouver and Toronto is that publishers in those cities reward a sports writer sufficiently to make him independent.

The committee should be aware, if it is not hip to sports in this country, that there are two branches of athletics: one is played for the game's sake, the other for the gate's sake.

Eric Nicol, the Vancouver humorist, contends that all the bump-and-grunt news should not simply be lumped into a section called Sports.

I would second Nicol's motion that the bump-and-grunt sections be split into a page or two of Sports, and a page or two of Athletic Entertainments.

The whole range of professional sports—football, hockey, boxing, horse racing—should be grouped under Athletic Entertainments. These are all investment projects in which the player's purpose is to win for his dear old alma Mammon.

"On this page," Nicol says, "the writers could fulfill their role as drama critics as for any other staged performance—hailing the starts, blaming the directors and feeding the fans' appetite for gobbets of gossip."

The Sports pages, on the other hand, would chronicle happenings in that dwindled field of games that are played for the fun of it: cricket, field hockey, college football, amateur curling, swimming.

Mr. Nicol: "The Sports pages, though nobody reads them but the players, would help tighten up the fast-failing link between sports and sportsmanship, and remind the young athlete that the most important grip he must master is the handshake after the game."

Hero worship of the professional athlete does not necessarily provide a youngster with the technique of the handshake.

"Reared in an atmosphere of the pros," Nicol says, "the child soaks up the idea of win-or-be-booded, of hate-'em-if-you-wanna-lick-'em, which will benefit his general character about as much as a semester in a bordello."

I would hope, gentlemen, that you recommend that all Canadian publishers upgrade their sports staffs on the advice of Summer Blossom of the late American Magazine:

"Any \$90-a-week reporter can tell you accurately what happened at any event. It takes a good writer, worth \$250 a week, to take you to the scene and make you SEE it and FEEL it happen."

I appreciate your indulgence, which has allowed me to stray quite a way from ghost writing. I think a defense for ghost writing can be made on Biblical grounds, by the way. Chaps like Matthew, Luke, Mark and Paul would qualify as Holy Ghost writers.

**The Chairman:** Now I assume you are prepared to submit yourself to questioning?

**Mr. Beddoes:** Jean Beliveau in the second row, I guess!

**The Chairman:** Mr. Fortier?

**Mr. Fortier:** With that introduction, Mr. Orr, could I ask you the first question!

**Mr. Beddoes:** Please do.

**The Chairman:** I think it is Mr. Beddoes.

**Mr. Fortier:** Alderman Beddoes, I read your column this morning and I don't know whether you wrote it thinking about your appearance before this committee this afternoon but there is one sentence I would like to read and ask you for your comments. I think it follows naturally from your presentation. You said: "The only point made here is that the integrity of games depends on performers levelling." Do you remember writing that or was this ghost written for you by Mr. Orr?

**Mr. Beddoes:** Mr. Orr was busy preparing for St. Louis tomorrow night. I wrote that line.

**Mr. Fortier:** You say "The integrity of games depends on the performers levelling." Don't you feel a performer such as Bobby Orr, Jean Beliveau, Gordie Howe, any one of these athletes—should level throughout and not only level when they are on the ice playing hockey or in the stadium playing baseball? If he has been asked to write a column which will be read by amateurs and professionals alike from coast-to-coast, don't you think that he should level with those people and tell them "Look, this is the way my column will be written."

**Mr. Beddoes:** I would just say in respect to Mr. Orr—I think most ghost writers would say this, Mr. Fortier—in the role of performer and ghost, it is their word set to my kind of music. In the case of Orr, it is his words set



the way I would do it. Presumably he cannot type or doesn't own a typewriter. I wouldn't know that.

**Mr. Fortier:** You say that Senators are naive. I will make a confession and I will tell you that lawyers are also very naive. I have asked around in Montreal and Toronto, where I was a couple of weeks ago and I would say that nine out of ten people did not know that the Bobby Orr column was actually written by you. Do you believe that or do you feel this is an exaggeration? Are only Senators naive or are nine out of ten Canadians naive in this respect.

**Mr. Beddoes:** I would hope that naivete was not a national characteristic. I would hope it was generally known that most of these "how to play" columns—Arnold Palmer's golf tips, for example, are not really written by Arnold Palmer. I would hope certainly that we are not that naive as readers. For instance, all those "Help the Needy" columns at Christmas time are not really done by Santa Claus.

**Mr. Fortier:** What has been your experience amongst your friends in Toronto? Would you say that all of them without any exception knew that Bobby Orr and others did not write their column?

**Mr. Beddoes:** I can't recall, Mr. Fortier, that it ever came up in conversation. I don't have friends socially as such in my profession for reasons that are personal. No, I must say I have never talked about this much with anybody except Mr. Orr's agent who employed me to do the column.

**Mr. Fortier:** To what extent did you, or people on your behalf, or to be more explicit, Bobby Orr or people on behalf of Bobby Orr Enterprises, publicize the fact that Bobby Orr did not put pen to paper every day?

**Mr. Beddoes:** I would say it was probably not published at all.

**Mr. Fortier:** You say this is good journalism?

**Mr. Beddoes:** No. In the case of the *Globe and Mail*—and I suppose I represent at least one section of it—we look on these things as something we would not publish. We don't, in the *Globe and Mail*, publish "how to play" columns, columns by coaches during the Grey Cup time—Bobby Orr columns.

**The Chairman:** Are all the people at the *Globe and Mail* real people?

**Mr. Beddoes:** Yes, I believe all the people at the *Globe and Mail* are real people and not custard people.

**The Chairman:** How about Elizabeth Thompson?

**Mr. Beddoes:** I think that is the pseudonym for the lady who writes the Elizabeth Thompson column.

**The Chairman:** So there is no Elizabeth Thompson at the *Globe and Mail*.

**Mr. Beddoes:** No; and no Dorothy Dix.

**The Chairman:** Is this correct?

**Mr. Beddoes:** Any more than there is a Susan Ford at the *Toronto Telegram*.

**Mr. Fortier:** A friend of yours at the *Toronto Telegram* (although you disclaim any friends) probably knowing I was going to refer to the Scott Young column last Saturday said: "I will not recommend the purchase of any ghost written material for any publication in which I have any influence."

Do you share that view now?

**The Chairman:** This is a quote from Scott Young in the *Telegram* on Saturday.

**Mr. Beddoes:** If I was a sports editor, which I am not, Mr. Fortier, and a salesman from a syndicate tried to sell me what I consider was not written by the athlete in fact I would not buy it. No.

**Mr. Fortier:** What publicity, if any, in your considered opinion should be given to the fact that a column published in any newspaper is in fact authored, you know, by Mr. X or Y or Mr. B?

**Mr. Beddoes:** Since I work for a paper that doesn't go that route I don't feel involved that way any more than I would think speeches that Mr. Trudeau delivers might have at the bottom "written by so-and-so".

**Mr. Fortier:** But is this a true comparison, Mr. Beddoes? You and I know and the public...

**Mr. Beddoes:** Mr. Fortier, it is all show business.

**Mr. Fortier:** I would dispute that and I will tell you why. There is in the PM's office, or any Minister's office, a desk at which sits a speech writer, you know that. He advertises himself as such. He is one of the Prime Minister's speech writers. We all knew that Ted



Sorensen and Pierre Salinger and others were writing speeches for President Kennedy. We know that Tim Porteous and others are writing speeches for Pierre Trudeau. They don't conceal the fact before the public.

My point here is that in the column in question this was concealed from the public and you say the public was naive because it did not know it was in fact written by Dick Beddoes. I dispute the comparison. I don't think it is a valid one.

**Mr. Beddoes:** Look at it this way, Mr. Fortier; I think many biographies are done... in fact in the case of Mr. Young, whom you have just quoted, he has just finished over the past summer doing a sort of job for Mr. Imlach...

**Mr. Fortier:** Acknowledged as such?

**Mr. Beddoes:** Yes, acknowledged as such. I do believe the custom has gone on certainly before I was in this business. You would like me to have a defence for it. I don't have a defence in my case. With respect to Mr. Orr, he is a young man, as you know, and he asked me at training camp last Fall if I would do this and I said "Sure. We will talk about it. I will put it down for you." This is what it amounted to... his words done through me.

**Mr. Fortier:** But the public were being lead to believe they were reading Bobby Orr by Bobby Orr?

**Mr. Beddoes:** I think in that respect, Mr. Fortier, you should perhaps talk to the Toronto Star Syndicate who syndicated this particular item and other items of this nature.

**The Chairman:** Would anything be lost if above the column it stated "By Bobby Orr" and then in small letters "as told to Dick Beddoes"? That is sometimes done.

**Mr. Beddoes:** I would hope, Senator Davey, in cases like that the column might be much more saleable.

**The Chairman:** What do you mean?

**Mr. Beddoes:** Then the public, which Mr. Fortier is concerned about, would know in fact a professional had whipped this thing into shape.

**The Chairman:** You think that would be a plus?

**Mr. Beddoes:** Yes, I do.

**The Chairman:** That is done sometimes?

**Mr. Beddoes:** Yes. I did a book in 1965 with the coach of the Vancouver Lions, David A. Skrien called "Count Down to Grey Cup" then "David Skrien as told to Dick Beddoes".

**Mr. Fortier:** Mr. Scott in the same article last Saturday said: "When the Toronto Alderman and columnist Dick Beddoes wrote it, it was identifiably filled with Beddoes' type words and ideas." I think he means that as a compliment, as I read the two paragraphs.

**Mr. Beddoes:** I am suggesting that Mr. Young is not naive as some of the readers you think were.

**Mr. Fortier:** He goes on: "I don't know who is writing it now but it is some other ghost." You are not writing it now?

**Mr. Beddoes:** No.

**Mr. Fortier:** Would you care to tell the committee what came about?

**Mr. Beddoes:** Well, as I work for the *Globe and Mail* which happens to be a competing newspaper with the *Toronto Star* and it is in my contract that in fact I should not be writing for anyone else and if anything I write appears in some other publication and they take some umbrage at that and ask me to desist. I suppose there's a technical point here I was not working for the *Toronto Star*; I was working for Mr. Orr and his agent and then they sold it to a large syndicate; but I have desisted, Mr. Fortier.

**Mr. Fortier:** On the advice of Counsel?

**Mr. Beddoes:** From the standpoint of self-preservation.

**The Chairman:** Do you know who the other ghost is?

**Mr. Beddoes:** No, I don't know. I have no idea. It may be Mr. Eagleson, but I must say in all honesty I don't know.

**Mr. Fortier:** Is it true that Punch Imlach writes his own column?

**Mr. Beddoes:** It is so badly written from a professional point of view, that I hope no professional writer is writing it, Mr. Fortier.

**Mr. Fortier:** It is for certain that no one would claim to write it now. I think your comments in your brief dealing with the effectiveness or the appeal of the sports pages and the sports section on the readers of newspapers are very succinctly and eloquently put.

Have you tried at the *Globe and Mail* to do just that—to have a division of the sports section, for example, between the amateur and professional sports?

**Mr. Beddoes:** Yes. I believe with the sports editor, Mr. Vipond, that the amateurs and pros do get a fair split. I would say sometimes, as a reader, I think that we sometimes give the amateurs more of a play than I, as a sports editor, would like to see them get.

We are heavy on high school sports, for example, and I think that sometimes it is over-balanced in favour of the amateur. I say that as a reader, rather than someone who would be involved in the thing sociologically.

**Mr. Fortier:** Will this come about? A clear division of the sports section between amateur and professional?

**Mr. Beddoes:** I doubt that very much. I think in the news business, you should be probably putting together the news, publishing the news people want to read. I think there are very few people, outside of the high school athletes, or the kid's parents or family that really care what he did at today's basketball game. I think they are concerned about the Montreal Canadiens and Jean Béliveau, rather than what happened at the Montreal little leagues. It is just news people want to read more.

**Mr. Fortier:** The "establishment" whereof you speak in your brief—are the proprietors of the papers with which you are familiar, members of that "establishment?"

**Mr. Beddoes:** The papers I have worked for—for example, the *Globe and Mail* now and Mr Max Bell, a part of that newspaper, is big in horse racing and I suppose he would be considered part of the establishment. He is a director of the Jockey Club of Ontario.

**Mr. Fortier:** And at the *Toronto Telegram*, John Bassett?

**Mr. Beddoes:** Yes, John Bassett, whom I haven't worked for and am unlikely to, is very big, as you know, in the Toronto Maple Leafs and I think Chairman of the Board of Toronto Argonauts and has the *Telegram*, and is involved rather largely with CFTO. Your question?

**The Chairman:** I think the question he is asking you referred to the "establishment" on page six. The question is, specifically: who is that establishment?

**Mr. Beddoes:** My quarrel—and I have a quarrel—I think we are paid well enough today, Mr. Fortier, on papers like the *Globe and Mail* which are reasonably independent—and in the case of the *Globe and Mail*, I think quite independent—where we don't have to buy the sort of prefabricated journalism which the hacks you had here as a previous delegation are. We don't have to buy what they are selling. Even though I happen to work for a newspaper which does have Mr. Bell as a publisher, I don't accept personally any handouts from the Jockey Club flacking agency. I prefer to do my own leg work.

**Mr. Fortier:** What control, if any, is exercised by Mr. Vipond, the sports editor, in for example, the writing of your column?

**Mr. Beddoes:** As with any columnist, as Mr. Fisher could attest, we are governed within the broad limits of libel on the one hand, and bad taste on the other.

I have been with the *Globe and Mail* for almost six and a half years, and I have had two columns killed in that time.

**Mr. Fortier:** You have anticipated my question. Go on.

**Mr. Beddoes:** One was clearly thought to be actionable by our solicitors and the second one might have had some bad taste connotation. I didn't think so, but the editors did.

**Mr. Fortier:** As I read the bottom of page five, this statement: "There still is a tendency among sports reporters to slant news in favour of the home team"; I am tempted to ask you if bad taste would be slanting of news in favour of the visiting team?

**Mr. Beddoes:** It would be considered so by some hacks in the press box and Mr. Imlach, if he were running a particular team.

**The Chairman:** On page six you say: "It has been my experience that the Establishment uses every weapon from flattery to slander, from special news favor to exclusion, to make the sports attaches a submissive herd."

Is it fair to ask you for some specific examples of that?

**Mr. Beddoes:** I think Mr. Imlach, with whom I suppose I have some running feud, it was my impression when he was the Maple Leaf Mahatma, that he always liked it if he had a sports writer under his thumb—and I think he did have some—who would horse-whip his hockey players if he couldn't get at



them. You don't smear people with money any more, I don't think. You do it in a more insidious way. If you do the coach a favour, he will give you a news story when you require one, tip you off to something that is happening. That is what I consider a news favour. I consider that a form of payoff.

**Mr. Fortier:** Is your experience limited to the Toronto scene here, or are you speaking for other similar instances in other large cities in Canada?

**Mr. Beddoes:** I have worked in Vancouver, Mr. Fortier, and in my time there, the only large sport professionally was the Vancouver Lions football team. I was there in their inception in 1954 and on towards 1962 and 1963. They were not as sophisticated, I suppose, as some Toronto and Montreal people, who have run major sports for a long time, where the payoff was not part in money what the Vancouver people did. I think it has happened in Montreal and I think Toronto. I don't think it is happening now. I don't think a promoter now comes up and has a satchel full of money that he puts beside the sports writer's door, or inside his briefcase or something. I don't think that happens any more. I think the payoff happens other ways.

**The Chairman:** It doesn't happen anywhere now?

**Mr. Beddoes:** I am not familiar with that, Keith. I would say probably it does happen. I think they will get to you whatever way they can.

**Mr. Fortier:** He feeds them the scoop on occasion?

**Mr. Beddoes:** Quite often. If this is his way of operating. My impression is, Mr. Fortier, and perhaps it is the case with politicians, they don't want some reporter trying to lift up the rocks to see what is crawling underneath.

**Mr. Fortier:** In the same category, you put the free meals and the room and board from the teams with whom the reporters travel?

**Mr. Beddoes:** Exactly. I think that is compromising whatever you consider your integrity to be. You are more likely to be susceptible to blandishments and more liable to lay off on criticism when you should be criticizing.

**Mr. Fortier:** Well, if you work for a large, wealthy paper, such as the *Toronto Star* or

the *Globe and Mail*, I suppose the publisher could afford to pay your way, but you know, and I know, in the case of the smaller papers, it would be financially impossible for the publisher to pay the way of a reporter going out to Los Angeles three or four times a year, following, say, the Toronto Maple Leafs or the Montreal Canadiens around. Is there not a happy medium that could be reached here?

**Mr. Beddoes:** I hope not.

**Mr. Fortier:** You say this should be banned entirely, any reporter, any sports reporter, should not accept the travel on the team plane and should not accept meals from the team management.

**Mr. Beddoes:** Anybody that would be going to Los Angeles or New York or wherever, would probably be working for a large paper that could afford it. I have never worked for papers—with the exception of an Edmonton paper that has since folded—that could not afford to pay their own way.

**Mr. Fortier:** But you are making that distinction: newspapers being able to pay the reporter's way should do it?

**Mr. Beddoes:** Yes. And if we cannot afford to pay for it, maybe we should not go.

**The Chairman:** You say on page five: "Some Canadian papers, unlike the *Toronto Star* or the *Globe and Mail* permit their reporters to accept free meals, rooms and board from the teams with which they travel."

Is it accidental or on purpose that you omit reference to the *Telegram*?

**Mr. Beddoes:** I am not familiar with how the *Telegram* handles sports writers' accounts.

**The Chairman:** You are not suggesting by that omission that the *Telegram* necessarily allows reporters to accept free meals and so on?

**Mr. Beddoes:** If I am suggesting anything, I suppose it is that I don't know.

**The Chairman:** All right. I have a couple of questions...

**Mr. Fortier:** Could I have one more?

**The Chairman:** Yes, of course.

**Mr. Fortier:** It is on somewhat the same note. In the previous paragraph, we covered it



briefly, you say there is a tendency among sports reports to slant news in favor of the home team." The verb "slant" has a pejorative connotation and you mean it in this way, do you not? Is it wrong for a reporter on a Montreal paper let us say, to speak glowingly of the Montreal Canadiens? Would this be wrong?

**Mr. Beddoes:** I would not speak glowingly of the Montreal Canadiens unless they deserved it and I think frequently when they don't deserve it, there is a tendency to give them all the best of it, and not to say they played badly.

**Mr. Fortier:** So this is what you mean by the verb "slanting"—the holding back of news or information.

**Mr. Beddoes:** You might not get "hello" from Toe Blake or Claude Ruel if you happened to knock his performance or his performers' performance.

**Mr. Fortier:** It is withholding of information or the drafting of articles slanted in a particular way?

**Mr. Beddoes:** Of saying it, Mr. Fortier, like it really isn't.

**The Chairman:** You make a point in the column you wrote for Mr. Bobbie Orr, which is quoted on page two:

"but I didn't need any translation through a ghost writer to forecast that Toronto Maple Leafs would finish last."

On page five you make reference to Mr. Pearson, and hope he has a good supply of tourniquets this winter. Where did you predict the Maple Leafs would finish?

**Mr. Beddoes:** I think I forecast them fifth. That was my only prediction this year.

**The Chairman:** I make the point because it is not true, you predicted last year that the Maple Leafs would finish second and fifth in two different publications. Is that not true?

**Mr. Beddoes:** Yes, that is true. It was not last year, it was several years ago and I am embarrassed.

**The Chairman:** Last December, you put your name forward for Alderman in the borough of Etobicoke in the west end of Toronto and you were elected. Would you care to make any comment on political journalism, albeit at the municipal level, but from

your point of view, in the three or four months you have been on council?

**Mr. Beddoes:** I see as a regular thing, Toronto papers, and I think their political journalism is very good.

**The Chairman:** How about at the municipal level?

**Mr. Beddoes:** I don't see the *Telegram* at that level, that often. I do see the *Globe and Mail* and frequently, the *Star* and I think in both cases they do a good job to cover the municipal scene.

**The Chairman:** Do you think there is sufficient coverage of local Etobicoke borough politics?

**Mr. Beddoes:** I would make the exception of Etobicoke. The Toronto papers seem to think that the circulation area ends at the Humber River, and as you know, Etobicoke is west of the Humber River. I would like to see our borough covered better.

**The Chairman:** At the municipal election in Toronto, the *Star* and *Telegram*, and your newspaper, in their recommended list of candidates, recommended, in the City of Toronto, aldermen, but in the boroughs they didn't. They may have occasionally. I think your own newspaper recommended you as an alternative choice.

**Mr. Beddoes:** Yes, I didn't get top billing in the *Globe and Mail*.

**The Chairman:** You really have no comment to make on the level of political journalism?

**Mr. Beddoes:** I think this vis-à-vis sports journalism. My impression is, political journalism in this country, in the major newspapers—and I consider the three Toronto papers to be major—I think the level of journalism at the political level is higher than on the sports page. I think they write better and perhaps have more awareness that there is something else besides politics and certainly something else besides sports. I suppose my anger or peeve at the sports section is that we think it ends there. That you cannot live in the playpen forever. I think there is a more urbane approach, certainly, in the case of the good political columnist, vis-à-vis sports writers.

**The Chairman:** I have a transcript of the evidence before the committee when Mr. Douglas Fisher was a witness. He is in the

room now. He very briefly, at the end of the hearing talked about sports writing. Some of the words you used, a moment or two ago, appeared in the comments he made. He said: "I would say that the level of sports journalism, particularly in the larger papers, is comparable to the level of political journalism. Neither one is consistently excellent but it is fair."

**Mr. Beddoes:** I would consider that a compliment to sports writers.

**The Chairman:** There is a question I was going to ask you, arising out of his testimony. I won't quote him directly. He expresses some concern about the fact so much interest in sports finds its origination, or its focus, if you like, in the United States. He was thinking, I think we talked about the interest in baseball, we talked about the interest in professional football. He says (and perhaps I should quote):

"There tends to be, of course, another aspect of which we haven't really met yet and that is that professional sport is concentrated in the United States..."

"So in American baseball, football and so to a natural degree—and I think a pretty good case could be made—it is one of the things that is pulling the interest of a lot of the people to the south..."

Is that a valid observation?

**Mr. Beddoes:** My impression is, we probably overbalance sports. I think it deserves its place, along with everything else I mentioned—industry, art, politics, all of it. I don't think it should be overplayed nor do I think it should be underplayed. I have been reading the testimony, and other than Mr. Fisher's, I thought there was very little reference made to the sports section. I think that was an oversight and I think Mr. Fisher's reference is the only one I read with reference to my particular line of work. I don't think we should overplay ourselves, and sometimes that happens.

**The Chairman:** Do you think sports writers take themselves too seriously?

**Mr. Beddoes:** Yes.

**The Chairman:** As a rule of thumb?

**Mr. Beddoes:** Yes, I think they forget there is something else going on besides who is going to win the Stanley Cup. Maybe they would not know where Biafra was, some of them.

**Mr. Fortier:** Mr. Beddoes, you worked at the *Edmonton Bulletin* and covered fires, school board meetings, invitational craps-shooting contests?

**Mr. Beddoes:** That is where you get invited for twenty-four dollars and seventy five cents to blow it on one roll of the dice.

**Mr. Fortier:** You then worked in the news room of the *Vancouver Sun*?

**Mr. Beddoes:** Yes.

**Mr. Fortier:** Before finally being transferred to the sports department, as you have said in this column, by the immensely popular demand of the city editor. So you have had some experience in other areas of journalism?

**Mr. Beddoes:** Yes.

**Mr. Fortier:** How would you compare the treatment afforded sports writers in a newspaper with the treatment afforded a reporter which is covering, let us say, the local scene? Are there degrees of treatment?

**Mr. Beddoes:** By whom? By editors or publishers?

**Mr. Fortier:** Let us first cover the coverage of the editor.

**Mr. Beddoes:** Yes. I think that I as a columnist, Mr. Fortier, am afforded the same degree of respect, or whatever, by the sports editor, as is Mr. George Bain as a political columnist, by the editor of the newspaper.

**Mr. Fortier:** You are not treated as second-class citizens?

**Mr. Beddoes:** Oh, no. I think the major papers, and the Toronto papers are all major papers, in my view, would treat their columnists, not as sacred cows, but we are probably underpaid but wonderfully overprivileged.

**Mr. Fortier:** What about the sports reporter compared with the reporter covering the local beat?

**Mr. Beddoes:** I think they could be considered very much as equals. I don't think the sports reporter, even though he is in the playpen, is looked upon by the editor with any less degree than the reporter who covers a fire.

**Mr. Fortier:** No discrimination?

**Mr. Beddoes:** No discrimination. For example, Mr. Fortier, just in the area of being paid, they are mostly members of the News-



paper Guild and if you are a five year or six year reporter in the newsroom, you get the same salary as a five year or six year sportswriter.

**The Chairman:** Do sportswriters seek to leave the playpen, as you call it?

**Mr. Beddoes:** This is one sportswriter who would finally like to, and Mr. Young, as Mr. Fortier has quoted, for some years was a general columnist at the *Globe* before he went to the *Telegram* as a sports editor and columnist again. I think you finally find out, a hockey game is a hockey game is a hockey game—this year, last year, next year. How often can you say it? Maybe that is the case in politics or anything else but I would now like to write something else.

**Mr. Fortier:** Would you like to go to financial affairs, where a buck is a buck is a buck?

**Mr. Beddoes:** Of course, of course, of course!

**The Chairman:** I think of Paul Gallico as a case in point.

**Mr. Beddoes:** Yes. He became a very strong and good novelist after he was a sportswriter on the *New York Daily News* thirty years ago.

**Senator Quart:** Maybe we should ask Mr. Beddoes if he would like to become public relations officer to publicize the Senate. I see it as a form of sport, after all. When you reporters have nothing else to write about, you take a slingshots at us.

I notice particularly—and I didn't want the meeting to close without asking your opinion about this. I notice on page one you mentioned that the Honourable Senators are "shy". I question that; "retiring gentlemen"—I would also question that from what I know about the gentlemen of the Senate—and "quite out of touch with reality in the monkish environment of the Upper House". It sounds like you are putting it into a monastery.

You don't mention a bit about what the female of the species are. In your opinion, if the others are shy and retiring is it because we are aggressive females and they are afraid of us or at one time we were quite bossy?

**Senator Smith:** You are not monks, anyhow.

**Senator Quart:** You catch more men with honey than vinegar. Don't think I would be bossy.

**Mr. Beddoes:** If Senator Quart will allow a half-pint to reply, I would like to say with reference to the Senate requiring a public relations officer, you have one in Senator Davey.

**Senator Quart:** He doesn't get extra pay for it.

**Mr. Fortier:** She wants a Conservative one.

**Mr. Beddoes:** You could always get Dief.

**Senator Quart:** I think we want a sportswriter.

**Mr. Beddoes:** I think this, Senator Quart, I think poking fun at the Senate may be a national pastime that is sort of harmless. I expect the backs of the Senate are strong enough to take the barbs thrust into it. My first page amounted to nothing more or less than a put-on.

**Senator Quart:** It gave me an opportunity for a question.

**Mr. Beddoes:** You would know, as a lady, whether the male senators are shy and diffident. I would not know that. I don't know many male senators, other than Senator Davey.

**Senator Quart:** He is not shy.

**Mr. Beddoes:** Very diffident, though.

**Senator McElman:** Turning to the matter of ethics, how would you regard, Mr. Beddoes, a newspaper editor who had his staff write letters under pseudonyms, to put in the Letters of the Editor column, let us say, to project a public debate on some issue he felt should be discussed. Is this an ethical procedure.

**Mr. Beddoes:** It is not ethical. I would consider it at least to be specious. I understand it has happened but I hope it is not happening on what I consider the major newspapers in this country.

**The Chairman:** Are you not worried about other newspapers, in this country? I don't see why you would say "major newspapers". Would you not be concerned with what is happening...

**Mr. Beddoes:** I perhaps have had blinders on with respect to other papers. I am concerned always with my competition and where I work and when you don't necessarily see that many papers. For example, I don't see the rather mediocre papers put out by Mr.



Irving in New Brunswick. If I saw them, I suppose I would have comment on them, at least on his sports section. Does that answer the question?

**Senator McElman:** Yes, I think it does.

**The Chairman:** Do you see any of the smaller city dailies on a regular basis?

**Mr. Beddoes:** No, I don't. I see the Vancouver papers when they publish regularly.

Mr. Heal, who was in the previous delegation, suggested something that I would take exception to and argue with. He suggested (and perhaps I am taking it out of context) that since the amalgamation in 1957, his impression was that they perhaps had not deteriorated. That is not my impression. I think the *Province* has become a shadow of what it once was, when it was an independent rival of the *Sun*.

**Senator McElman:** There is a lot of discussion of relevance with youthful generation. Do you believe that sportswriting today, in general terms, has relevance to the youth who are not motivated in sport.

**Mr. Beddoes:** I think, Senator, that people in sport, generally are the biggest squares I know. I think there's a lack of sociological sense in my kind of people, where, for example, only the very good publications, on the order of *Sports Illustrated*, in this field, have really come to grips in the United States with the race problem—black versus white. I think we do look on it as a Never Never Land. We don't come to grips with issues outside of who won and lost. I do believe we do lack some relevance.

**Senator McElman:** You place great emphasis on sportsmanship in your brief and I was wondering what your feeling was as to whether you are reaching through to actually promote sportsmanship rather than sport in the commercial sense.

**Mr. Beddoes:** No, I must say I am not. My approach is, I hope to show something about the human condition as it relates to sport, in reasonably good language. Nothing more than that.

I think I perhaps would have a greater social field if I was writing something else.

**The Chairman:** Mr. Fortier?

**Mr. Fortier:** When you joined the *Globe and Mail* in 1963, it was then independently owned. It has since become a member of a

group, a chain. Have you noticed any changes in the sports desk particularly, and of the newspaper generally, since the changeover?

**Mr. Beddoes:** No. I must say, at my level, which is not the highest level of the paper, of course, that I have noticed nothing at all. The thing that I would be concerned about, I suppose, would be money. There has been no change in that. The money has gone up. Ahead of that, I think I would be concerned about being told what to say. On no occasion since F.P., Max Bell, Sifton, Brigadier Malone, took over the newspaper, have I been told to lay off, or not to say something.

In fact it has been the other way. Mr. Bell is a director of the Jockey Club and I was in some editorial snit at the Jockey Club Chairman, Mr. Taylor, a couple of years ago. I think there was some suggestion to Mr. Bell, "You tell that S.O.B. Beddoes to lay off". In fact he told me this. He said, "He is writing about the way I want him to write and if he is a hard hitter let him go that way." I have noticed no change at all, at my level.

**Mr. Fortier:** This increased concentration of ownership in the print media, do you see that as a potential danger to the freedom of the press?

**Mr. Beddoes:** I think a cartel of any kind is perhaps a danger to freedom, per se. I would not want to work in Toronto, or any city, where there was just one owner of three newspapers. I think you have a better product and are perhaps sharper yourself if there is a competing situation. This is what makes the Toronto situation a bit unique and also interesting to work in. I am aware that the two other papers are going to have something I might not have and that makes you sharp.

When you work in a situation like Vancouver, where the two papers are run by the Pacific Press, there is a tendency not to be as good a professional.

**Mr. Fortier:** Would you equate any cartel with the newspaper cartel—the same rules should apply?

**Mr. Beddoes:** A buck is a buck is a buck. I've never been in the business field but I think cartels generally are not in the public interest; are they?

**Mr. Fortier:** How about your column, is there any suggestion by F.P. that it should be published in any other member newspaper?

**Mr. Beddoes:** From time to time, Mr. Fortier, it is picked up and syndicated through our eight or nine papers. In that respect, the very popular column by Richard Needham, on page six, is regularly syndicated across the member papers.

**The Chairman:** Yours is on occasion?

**Mr. Beddoes:** On occasion.

**The Chairman:** Are you paid extra money when that happens?

**Mr. Beddoes:** No, I am not.

**The Chairman:** Shouldn't you be?

**Mr. Beddoes:** I would like to be, but I am not.

**Mr. Fortier:** Is that in your contract, that you will not be?

**Mr. Beddoes:** No; but it is not in that I will be either.

**Mr. Fortier:** You have to assent before the *Winnipeg Free Press* publishes your column, do you not?

**Mr. Beddoes:** If the *Free Press* requests it, it is sent by wire, and if they publish it certainly I don't get paid any extra money.

**The Chairman:** You don't even know about it?

**Mr. Beddoes:** I am told. The sports editor of that paper normally phones me or wires and says, "Will you cover me in this situation", and I do. However, I don't feel too strongly about not being paid. I am going to do it for the *Globe and Mail* in any case. I would like to be paid of any syndicated party would, but I am not paid for my columns used outside the *Globe and Mail*.

If I wrote a separate story for the *Free Press* or the *Vancouver Sun*, I would be paid, and have been paid when I have sat down and done fresh work for those publications.

**Mr. Fortier:** It is not in your contract with the *Globe and Mail* that if another F.P. picks it up, they must give you adequate compensation?

**Mr. Beddoes:** It is not.

**Mr. Fortier:** Conversely any member newspaper could use your column at random, at will?

**Mr. Beddoes:** That doesn't happen. Any time my column has been used by an F.P. member, it has been asked for by the sports editor of that member. It has happened with the *Vancouver Sun*, infrequently, and the *Free Press* more often than that.

**The Chairman:** If there are no other questions, perhaps I could close this particular hearing by quoting from a document, at least in part, which you distributed in Etobicoke when you ran for alderman:

"Why does a guy want anything more than what he has? A job he wants on a newspaper he respects, in a city he admires. It is the best job in Canada. After all, nothing to do except spell one thousand words, five or six days a week, in the toy department. Pretty soft, advising other people how to run their business. Simple stuff, helping Leo Cahill coach the Argonauts, or formerly assisting Punch Imlach, who reached puberty but forgot to touch second base. Why then seek the onerous task of public office? The candidate discovered that you cannot stay in the playpen forever."

Speaking on behalf of myself and the committee, we are delighted that you left the playpen for these few hours this afternoon.

**Mr. Beddoes:** Sort of an extension of the playpen.

**The Chairman:** We appreciate your coming and we would be delighted if you extend our good wishes to Mr. Orr if you and he are still speaking.

**Mr. Beddoes:** We have signed 30, as we say in journalism, to that arrangement.

**The Chairman:** May I say to the Senators, the next meeting of the Committee is tomorrow morning at ten o'clock, in this room, and the lineup tomorrow is as follows:

10:00 a.m.—The Canadian Church Press

11:30 a.m.—The Presbyterian Record

2:30 p.m.—The United Church Observer

4:00 p.m.—Mr. Dalton Camp

4:00 p.m.—Mrs. Thelma McCormack, Associate Professor, Sociology, York University, Toronto

9:00 p.m.—Alderman Una MacLean Evans, City of Edmonton

















Second Session—Twenty-eighth Parliament  
1969-70

THE SENATE OF CANADA  
PROCEEDINGS  
OF THE  
SPECIAL SENATE COMMITTEE  
ON  
MASS MEDIA

The Honourable KEITH DAVEY, *Chairman*

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No. 25

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WEDNESDAY, MARCH 4, 1970

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WITNESSES:

*Canadian Church Press*: Mr. Hugh McCullum, President; Editor, *Canadian Churchman*; Mr. Ernest Homewood, Director, Canadian Church Press, and Business Manager, *United Church Observer*; Mr. Douglas Roche, Vice-President, Canadian Church Press, and Managing Editor, *United Church Observer*.

*The Presbyterian Record*: Rev. T. Melville Bailey, Acting Editor; Mr. C. Alex Culley, Business Manager.

*The United Church Observer*: Rev. Alfred C. Forrest, Editor; Mr. Ernest Homewood, Assistant Publisher and General Manager.

*Mr. Dalton Camp*, Syndicated Columnist and Freelance Broadcaster.

*Mrs. Thelma H. McCormack*, Professor of Sociology, York University.

*Mrs. Una MacLean Evans*, Alderman, City of Edmonton.

1969-70

MEMBERS OF THE  
SPECIAL SENATE COMMITTEE ON MASS MEDIA

The Honourable Keith Davey, Chairman

The Honourable L. P. Beaubien, Deputy Chairman

Beaubien,  
Bourque,  
Davey,  
Everett,  
Hays,  
Kinnear,  
Macdonald (*Cape Breton*),

McElman,  
Petten,  
Phillips (*Prince*),  
Prowse,  
Quart,  
Smith,  
Sparrow,  
Welch.

(15 members)

Quorum 5



## ORDERS OF REFERENCE

Extract from the Minutes of the Proceedings of the Senate, Wednesday October 29th, 1969.

"With leave of the Senate,

The Honourable Senator Davey moved, seconded by the Honourable Senator Lang:

That a Special Committee of the Senate be appointed to consider and report upon the ownership and control of the major means of mass public communication in Canada, in particular, and without restricting the generality of the foregoing, to examine and report upon the extent and nature of their impact and influence on the Canadian public, to be known as the Special Committee of the Senate on Mass Media;

That the Committee have power to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of the inquiry;

That the Committee have power to send for persons, papers and records, to examine witnesses, to report from time to time and to print such papers and evidence from day to day as may be ordered by the Committee;

That the Committee have power to sit during adjournments of the Senate and that Rule 76(4) be suspended in relation to this Special Committee from 9th to 18th December, 1969, both inclusive and the Committee have power to sit during sittings of the Senate for that period;

That the papers and evidence received and taken on the subject in the preceding session be referred to the Committee; and

That the Committee be composed of the Honourable Senators Beau-bien, Davey, Everett, Giguère, Hays, Irvine, Langlois, Macdonald (*Cape Breton*), McElman, Petten, Prowse, Sparrow, Urquhart, White and Willis.

After debate, and—

The question being put on the motion, it was—  
Resolved in the affirmative."

Extract from the Minutes of the Proceedings of the Senate, Thursday, November 6th, 1969.

"With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Smith:

That the names of the Honourable Senators Giguère and Urquhart be removed from the list of Senators serving on the Special Committee of the Senate on Mass Media; and

That the names of the Honourable Senators Bourque, Smith and Welch be added to the list of Senators serving on the said Special Committee.

The question being put on the motion, it was—  
Resolved in the affirmative.”

Extract from the Minutes of the Proceedings of the Senate, Friday, December 19th, 1969.

“With leave of the Senate,  
The Honourable Senator McDonald moved, seconded by the Honourable Senator Langlois:

That the names of the Honourable Senators Bélisle and Phillips (*Prince*) be substituted for those of the Honourable Senators Welch and White on the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—  
Resolved in the affirmative.”

Extract from the Minutes of the Proceedings of the Senate, Tuesday, February 3, 1970.

“With leave of the Senate,  
The Honourable Senator McDonald moved, seconded by the Honourable Senator Langlois:

That Rule 76 (4) be suspended in relation to the Special Committee of the Senate on Mass Media from 10th to 19th February, 1970, both inclusive, and that the Committee have power to sit during sittings of the Senate for that period.

After debate, and—

The question being put on the motion, it was—  
Resolved in the affirmative.”

Extract from the Minutes of the Proceedings of the Senate, Thursday, February 5, 1970.

“With leave of the Senate,  
The Honourable Senator McDonald moved, seconded by the Honourable Senator Haig:

That the names of the Honourable Senators Quart and Welch be substituted for those of the Honourable Senators Bélisle and Willis on the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—  
Resolved in the affirmative.”

Extract from the Minutes of the Proceedings of the Senate, Tuesday, February 17, 1970.

“With leave of the Senate,  
The Honourable Senator McDonald moved, seconded by the Honourable Senator Connolly (*Halifax North*):

That the name of the Honourable Senator Kinnear be added to the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—  
Resolved in the affirmative.”

Extract from the Minutes of the Proceedings of the Senate, Tuesday, March 3, 1970.

“With leave of the Senate,  
The Honourable Senator McDonald moved, seconded by the Honourable Senator Denis, P.C.:

That the name of the Honourable Senator Langlois be removed from the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—  
Resolved in the affirmative.”

Extract from the Minutes of the Proceedings of the Senate, Tuesday, March 3, 1970.

“With the leave of the Senate,  
The Honourable Senator McDonald moved, seconded by the Honourable Senator Denis, P.C.:

That Rule 76 (4) be suspended in relation to the Special Committee of the Senate on Mass Media from 4th to 13th March, 1970, both inclusive, and that the Committee have power to sit during sittings of the Senate for that period.

The question being put on the motion, it was—  
Resolved in the affirmative.”

Robert Fortier,  
*Clerk of the Senate.*





## MINUTES OF PROCEEDINGS

WEDNESDAY, March 4, 1970.

(25)

Pursuant to adjournment and notice the Special Senate Committee on Mass Media met this day at 10.00 a.m.

*Present:* The Honourable Senators: Davey, (*Chairman*); Kinnear, Macdonald (*Cape Breton*), McElman, Petten, Smith and Sparrow. (7)

*In attendance:* Mr. Borden Spears, Executive Consultant.

The following witnesses were heard:

Mr. Hugh McCullum, President, Canadian Church Press; Editor, Canadian Churchman;

Mr. Ernest Homewood, Director, Canadian Church Press; General Manager, United Church Observer;

Mr. Douglas Roche, Vice-President, Canadian Church Press; Managing Editor, The United Church Observer;

Rev. T. Melville Bailey, Acting Editor, The Presbyterian Record;

Mr. C. Alex Culley, Business Manager, The Presbyterian Record.

At 12.30 p.m. the Committee adjourned to 2.30 p.m.

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At 2.30 p.m. the Committee resumed.

*Present:* The Honourable Senators: Davey (*Chairman*); Beaubien, Everett, Kinnear, Macdonald (*Cape Breton*), McElman, Quart, Smith and Sparrow. (9)

*In attendance:* Miss Marianne Barrie, Director and Administrator; Mr. Borden Spears, Executive Consultant.

The following witnesses were heard:

Rev. Alfred C. Forrest, Editor, The United Church Observer;

Mr. Ernest Homewood, Assistant Publisher and General Manager, The United Church Observer;

Mr. Dalton Camp, Syndicated Columnist and Freelance Broadcaster.

At 6.10 p.m. the Committee adjourned to 8.00 p.m.

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At 8.10 p.m. the Committee resumed.

*Present:* The Honourable Senators: Davey (*Chairman*); Beaubien, Everett, Macdonald (*Cape Breton*), McElman, Quart and Sparrow. (7)

*In attendance:* Miss Marianne Barrie, Director and Administrator; Mr. Borden Spears, Executive Consultant.

The following witnesses were heard:

Mrs. Thelma H. McCormack, Professor of Sociology, York University;

Mrs. Una MacLean Evans, Alderman, Edmonton.

At 10.15 p.m. the Committee adjourned to Thursday, March 5, 1970, at 10.00 a.m.

ATTEST:

Denis Bouffard,  
*Clerk of the Committee.*



## SPECIAL SENATE COMMITTEE ON MASS MEDIA

### EVIDENCE

Ottawa, Wednesday, March 4, 1970.

The Special Senate Committee on Mass Media met this day at 10 a.m.

**Senator Keith Davey** (*Chairman*) in the Chair.

**The Chairman:** Honourable Senators, if I may call the meeting to order.

Today we turn our attention for the full morning, and for the first brief this afternoon, to a discussion of the Church Press. After lunch, we will be receiving a brief from the *United Church Observer* and later this morning we will be receiving a brief from the *Presbyterian Record*.

This morning the first brief we are going to receive is from the Canadian Church Press.

I should perhaps indicate that in the interest of the ecumenical movement we did ask the *Canadian Register* and that particular paper asked if they might bow out of an appearance because at the time we requested the brief they were relocating their head office. Of course we acceded to that request. I thought perhaps I should indicate it had been our intention to have them as well.

The first brief is that of the Canadian Church Press and sitting on my immediate right is the President, Mr. Hugh McCullum, who is also the Editor of the *Canadian Churchman*.

On my immediate left is Mr. Douglas Roche, who is the Vice-President, and is the Editor of the *Western Catholic Reporter*. He is not appearing in that capacity.

On his immediate left is Mr. Ernest Homewood, who is the General Manager of the *United Church Observer* and who again is not appearing as a representative of the *United Church Observer* but rather as the director of the Canadian Church Press.

Mr. McCullum, in compliance with the request and the guidelines we sent to you, you were kind enough to submit some weeks in advance a brief which has been circulated

to the Senators. I am sure most have read it with some considerable interest. The format we follow is to now make available to you some time for an oral statement in which you can expand your brief or amplify it or say anything else on your mind. Following that we will turn to the Senators for questioning and question you on the contents of your brief and oral statements and perhaps some other matters as well.

If you wish to pass some questions to Mr. Roche or Mr. Homewood by all means do so. Thank you for coming.

**Mr. Hugh McCullum, President, The Canadian Church Press:** Thank you very much, ladies and gentlemen, for this opportunity to present to you the brief which you have had in advance.

Before outlining one or two points in the brief which we think are important, I would like to stress that the three of us here present are all laymen in the religious sense of the word. We were all employed at one time or other in the secular media and we are representing the publication association and not in any way should we be considered to be theologians or representatives of any particular religious denomination.

You will note our brief is divided into three parts. The first section Why A Church Press? The second section—Relationship of the Church Press to the General Media. And finally—Specific Problems of the Church Press.

We have tried to stress throughout our brief that we see our role in the mass media as an educational one. To quote briefly from the brief:

"We see our role as educational, with the hope of humanizing our society rather than acting as the 'house organ' for denominationalism."

The Canadian Press is made up of an association of 16 magazines and newspapers having a combined circulation of 888,000 and

published in Canada by Protestant, Anglican, and Roman Catholic churches.

In trying to maintain our educational role it has been difficult at times because of the diverse opinions of the editors. It is precisely for this reason the church editors are today finding the air of confusion that exists in the churches. This confusion is the price we are paying for too long a period of self-righteous certainty.

Modern man desires belief but not in a religious spirituality of another age. In keeping with this new mood we do not let theological differences obstruct the unity that already exists among us in our effort to increase the church's relevance in social and moral issues.

Like all mass media we have our problems and since we depend to a large extent for revenue on advertising, we find that there is a certain area of discrimination or perhaps an area where we are not taken in the same context as the secular press.

We have been beset, like all areas of the commercial press, with increased cost in production and editorial expense. However in recent years the largest single percentage increase has been in postal rates. This increase, amounting in some cases to as much as 500 per cent, has forced some of our publications out of business and others into a reduced frequency, smaller size, or fewer pages or less satisfactory quality. We feel that the postage increases were introduced and implemented without sufficient warning.

We believe that the solution might lie there in subsidizing the educational media. We do not want under any circumstances to have a place of particular privilege in our society because we are religious publications but we do feel that as the Crown-owned CBC receives a subsidy from the government that in particular that branch of the media that could be considered educational, must be subsidized. The best way is through postal rates granted to second-class mailers.

In some respects almost all things valuable to society end up being subsidized in some way. We therefore call upon the government to re-open the entire postal situation.

I think that is about all I want to say at the beginning. We would be free for questions.

**The Chairman:** Thank you very much.

I think the questioning this morning will begin with Senator Petten.

**Senator Petten:** Mr. McCullum, in what specific ways does the Canadian Church Press as an association assist its members? Does it, for example, promote religious publications as advertising media? Is there any system in helping the exchange of articles from publication to publication? I realize that is two questions.

**Mr. McCullum:** Our advertising campaigns are conducted separately by each publication. There is, I suppose you might say, some competition between advertising representatives for space. The Association itself does not conduct any advertising campaign.

There is a free exchange of articles among certain members of the Association, particularly between the United Church Observer, The Canadian Churchman, and the Western Catholic Reporter, which happen to be here represented.

We also supply yearly technical and journalistic workshops and seminars. We have presented a brief to the Postmaster General before the increase in the postal rates.

We supply through the North American Press Association, with which we are affiliated, technical advice to our member publications.

**Senator Petten:** Then there is a free exchange and co-operation between all the members of your association?

**Mr. McCullum:** Yes.

**The Chairman:** What kind of articles would be exchanged? Every kind?

**Mr. McCullum:** No, mainly the feature type of article. No interchange of straight hard news stories.

**The Chairman:** Features such as...

**Mr. McCullum:** For example...

**The Chairman:** We would be interested in an example, I think.

**Mr. McCullum:** I personally was in Biafra just before Christmas and I think four or five of the member publications used some or all of my material.

Dr. Forrest, of the *United Church Observer*, covered the Middle East about a year ago and there was a fair amount of exchange among members for his material.

**Senator Smith:** Just on that particular point: I read a very interesting article by you

in the United Church Observer. Did that particular article appear in other church press?

**Mr. McCullum:** No, not that specific article. That was an article at the request of the *United Church Observer* by myself. It was written at no charge. It was not a freelance by me.

**Senator Smith:** I was not thinking of that end of it at all. I was wondering...

**Mr. McCullum:** It was written for them although it was available for other publications if they wanted it.

**The Chairman:** Mr. Roche has just handed me the January 18th issue of the *Western Catholic Reporter*. I gather that is a variation on the same article. I am sure you recognize the chap there.

**Senator Smith:** Yes.

**The Chairman:** Senator Petten, were you going to pursue the advertising question or may I ask a supplementary?

Why don't you jointly seek advertising?

**Mr. McCullum:** Partially because some of our papers are regional and therefore it is more difficult to obtain national advertising.

We did have an association of three or four members of the Church Press who jointly sought advertising and it was unsuccessful due to the varying formats of the papers. Some were tabloid, some magazine, some broadsheet size and in some the frequency of publication differs.

**The Chairman:** Surely, Mr. McCullum, it would be useful to the Church Press to have someone going into the advertising agencies and extolling the virtues of the Church Press as a medium?

**Mr. McCullum:** I think our representatives do this. Could I ask Mr. Homewood to comment?

**The Chairman:** If I may say, Mr. Homewood, this afternoon we will want to discuss your own publication's membership in the Magazine Advertising Bureau but has any consideration ever been given to taking the entire Church Press into the Magazine Advertising Bureau?

**Mr. Homewood:** Not as an Association. Membership now in the Magazine Advertising Bureau is on an individual publication basis. The publication has to meet the membership

requirements of the M.A.B., the principal one of which is ABC audit. This is one of the reasons we haven't tried to sell co-operatively.

We have promoted co-operatively but one of the reasons we haven't tried to sell co-operatively is because of the varying standards of circulation and circulation audit in the Church Press.

I think there is only one publication that is audited in the Church Press, a number that are CPAB and many more that are strictly sworn publishers statements. This is one of the difficulties of selling co-operatively—the standards in which the advertising agencies and advertising people buy the quality of your circulation.

**The Chairman:** Senator Petten.

**Senator Petten:** Mr. McCullum, you say in paragraph 8 that the need for religious press is increasing rather than decreasing yet church membership and church attendance seem to be diminishing in recent years. Does this mean that your readership is declining and with that your influence, or are you turning to other forms of journalism such as television to get your message across?

**Mr. McCullum:** This would mean I would have to speak on behalf of the denominations which I can't.

In the case of the Association, we haven't had an audited statement recently but I would guess that the circulation is declining due to declining church membership.

Our own publication is holding its own and I believe this applies to several of the others, although in the United States—and I am sure the trend will sooner or later come here—there has been a serious decline in the circulation of the Church Press.

**Senator Smith:** How serious over there, do you know?

**Mr. McCullum:** I know one publication lost as much as 400,000 out of about 1,200,000.

**The Chairman:** Senator Petten.

**Senator Petten:** In paragraph 22 you say the secular press is guilty of bad taste, sensationalism, and the glamourizing of smut and that the standards of reporting and entertainment are at the lowest level. Would you like to give us some examples of this? Is this true of all the press or just certain segments? Could we have some examples?



**Mr. McCullum:** We feel that there is a use of sensation or a use of material in bad taste for purely commercial gain. The main reason is for selling papers rather than for edifying or instructing the public or informing the public or teaching the public. I think this has been admitted at times that sensationalism is a valid part of journalism.

I think we would disagree with the statement that sensationalism for its own sake is a valid part. There may be sensational material which is sensational in its own right, but to sensationalize a specific thing...

**The Chairman:** Mr. McCullum, when one looks through your biography—and I hope all the Senators have because it is most impressive—you have been sports reporter at the *Whig Standard*, political reporter at the *Leader Post*, President of the Press Gallery in Saskatchewan, City Editor in Saskatchewan, national news editor of the *Toronto Telegram*. You have had quite a broad background.

I think, therefore, we would be interested in some specific examples. You make a very sweeping attack on the secular press. I think the answer you have given to Senator Petten I appreciate and understand, but I think it would be useful if you could tell us some specific example of what you mean.

**Mr. McCullum:** There is one example in the area of a religious publication when the newspapers decline to cover meetings. There is one specific meeting that Mr. Roche can enlarge on better than I. It was one specific meeting where the priests—I believe it was held in Ottawa—the Roman Catholic priests were to talk about many of their various problems.

No coverage of the meeting was given and the reason given was that the issue of celibacy was not to be discussed and therefore it was not of interest to the public.

Mr. Roche may be able to give more specific details.

**The Chairman:** Mr. Roche?

**Mr. Roche:** Mr. Chairman, both Senator Petten's question, I think, are somewhat linked. They have to do, sir, with changing positions of the churches in society, the transition of religion.

We are moving, I think, pretty well all churches—not only the Roman Catholic Church, because it has had the spectacular publicity of the Second Vatican Council—

but all the churches generally, are moving from one historical era to another. There is much more community-centred approach to religion and much more social orientation.

There are two great movements taking place. The first is the movement of the Christian community and the second is the outward commitment and adherent to the social gospel, the application of it in such specific areas as housing, drugs, pollution, Biafra, Indians and so on.

We feel generally that the general press, although it is alive to some of these changes, are not really fully reporting them in depth to their readers. Rather they tend to focus on the more sensational—and I don't use that in the pejorative sense—the more bizarre and strange aspects of the changing era of religion.

Whereas we feel the public needs to know and have much more background in why religion is changing, why the whole Christian picture is changing. That is precisely why we are in trouble in many ways because many of our readers—and I speak here across the board—the United, Anglican and Roman Catholic—many readers are comfortable with the old style of religion in which the Church was viewed as a place to go for sort of refuge from the on-going concerns of the world; a sort of religious "hot-line" between the individual and God to ensure their own personal salvation.

Great movement now is horizontal in dimension and recognition that in order to follow the second commandment "To love our neighbour" in McLuhan's world of the global village, our neighbour is everywhere. We have to have application of real involvement as Christians in the changing picture of our society. That is what the advance wing in all of our churches are trying to do today.

We meet resistance in our own churches from people who don't want the church to become socially much less politically involved, you know. They say the churches should be apart from this, keep it apart from the changing world.

We have this resistance in our own churches. The advance wing also wants the church to become much more decentralized and de-institutionalized so they can move much faster. There is polarization within all our churches.

In face of this polarization, in face of this need for education and the tremendous need

of involvement Christianity in our society, we feel generally the general press is not really interested or concerned with explaining the full dimension of the changing picture of Christianity in our society and are focusing enlarged question of the ministry was examples.

In answer to the Chairman's request for a specific example we will give one. I think it is rather important. Celibacy in the Roman Catholic Church is an important issue today. There is no doubt about that, and I would not at all deny it.

But when you regard the priesthood, the changing character of the priesthood and ministry and celibacy you have to recognize there are far many more things going on in the priesthood and the updating of the ministry.

So when the report came from an editor of a national communications medium in this country to the Reporter, saying that this communication media was not interested in covering the meeting of Central Canada's Priests held here in Ottawa two or three weeks ago because the issue of celibacy was not going to be focused on at this meeting but rather the enlarged question of the ministry was going to be, we feel, sir, this is irresponsible journalism.

**The Chairman:** May I ask a supplementary question?

Section 22 on page 7, in that section there you are referring to reporting of religion in the commercial press. I took it as a broader statement and you were talking not simply about the kind of example you have given but rather in a more general sense. Am I incorrect?

**Mr. McCullum:** I think you are correct.

**The Chairman:** The reporting of religion.

**Senator Smith:** What has that got to do with the glamourizing of smut to which you have referred?

**Mr. McCullum:** This has reference to certain areas of bad taste. For example, I think the picture this morning in the *Globe and Mail* of the censored material in *Weekend Magazine* is a kind of glamourization of a very serious matter. I don't disapprove of censorship of *Weekend Magazine* but I think the way it was presented is glamourization.

**The Chairman:** I am a little bit confused. I don't know if the Senators are or not.

Mr. Roche spoke at some length and gave us an example of the celibacy issue...

**Mr. Roche:** I have more.

**The Chairman:** You have now given us an example which has really nothing to do with the reporting of religion. The example you mentioned in response to Senator Smith is an example of the general press behaving, in your opinion at least, badly; in a way which had nothing to do with reporting of religion.

The point I am trying to make clear is: is your indictment in Section 22 a general indictment or an indictment only of the reporting of religious news?

**Mr. McCullum:** I think specifically of religious news and general comments but not as wide.

**The Chairman:** Not as sweeping as it appears.

**Mr. Roche:** I think I could supplement Mr. McCullum's answer because I think we are agreed on this because we discussed it previously.

In answer to Senator Smith's question there are two examples.

Sir, you used the word "smut"...

**Senator Smith:** I was using the word as it appeared in this paragraph.

**Mr. Roche:** Really more to the point, two examples would be how certain communications in this country reported the drug problem and what we might call the hippy problem or the generation gap in the beginning stages.

I am speaking of two or three years ago when these were starting to come on the national scene in big issues. They are specific examples of what I would term glamourization.

I can give you one example. There was a wedding took place of what we might call the "Black Jacket crowd" on motor cycle and drugs and all this. They presented this in pictures, a rather enticing way to the juvenile mind—this is the thing to do, this is the kind of modern way to be hip.

I took offense at this kind of reporting.

Now today I think communications generally realize that drugs are a tremendously explosive problem in our society and are treated in a much more responsible way, but



in the beginning stages they were given a sensationalized treatment.

I think to the extent of our criticism of the general reporting of religion, which we hold to, we add a glamorization of serious social issues.

**The Chairman:** I think you mentioned you had a second example.

**Mr. Roche:** Drugs and youth.

**The Chairman:** Thank you.

Senator McElman?

**Senator McElman:** I have a supplementary question. Could we move this reference to sensationalism over to something that has been current recently, that is Biafra itself.

There has been some divergence of opinion as to what happened and what was happening and perhaps what is happening in Biafra. One, the official position that although there was rape it was not of a degree that is any different from any ending of a war.

Although there was hunger there was not mass dying-off by starvation; and so on through the whole bit of all the things that are associated with war.

On the other hand the media rather countered this with reports of very extensive occurrences of these things and there was a great gap in between the two which left the public in a position of doubting the credibility of both sides.

You were in Biafra, sir?

**Mr. McCullum:** Yes.

**Senator McElman:** What in your view is the basis for the great divergence in reporting of the situation? Was there sensationalism involved?

**Mr. McCullum:** I was not in Biafra at the end of the war. I was there three weeks before the war ended. I can't say what degree of rape there was but it strikes me—and here I would think I would have to come to the defence of the press very much—it strikes me because the last report of the International observer, the military observer team is still, to the best of my knowledge, not available to the press and that most of the people who visited Biafra in the dying days of its existence and in the weeks immediately after the war ended, it seems to me they spent very little time there, and only on the main roads.

The reporters went in and they were only there a few days before they were kicked out again. It was very difficult for any newsmen to get close to the heart of what was left of Biafra.

I don't think the media sensationalized this at all. You see two or three thousand dying children all over the place and it is pretty hard to do anything more than show pictures. That is sensationalism, the actual fact is sensational. It is not an overplaying of anything in my opinion.

I think the reason that there is a credibility gap, or at least a gap between what was said in the news media—and there is precious little being said now—in the dying days of Biafra, the first few weeks after the war was over, is because of the extreme difficulty that the media had getting near any part of what was left of Biafra.

Am I answering the question?

**Senator McElman:** I don't quite follow your approach. You say the official people who were in were in certain areas only, but the media were there only a couple of days and they didn't get anywhere?

**Mr. McCullum:** The media got a great deal of information before they were kicked out for filing reports detrimental to the Federal Nigerian line. They said there was extensive rape and looting and there were mass cases of starvation.

The military observer claim in its first report there was no greater amount of rape or looting than could be normally expected at the end of a war... Although how many rapes count for extensive rapes is pretty difficult to answer.

After that I am sure you will recall the military observer team presented a second report which has never yet been released either here in Ottawa or in Lagos and the understanding is this is a much more condemning type of report than the first one, and much more in line with what the reporters saw and wrote about in the brief time they were allowed to visit the central part of Biafra. They could write all kinds of reports from Lagos but that is two or three hundred miles away.

**Senator McElman:** You say there is an understanding about the second report. What is the basis of that understanding?



**Mr. McCullum:** I would gather the hassel that existed within the observer team between the Polish member and the Canadian and British members. They admitted it was a more severe report. What that constitutes you can only speculate.

**Senator McElman:** There have been some reports, quite aside from the observer team, I believe the International Red Cross and others.

One general—I don't recall at the moment the name, a Canadian...

**Mr. McCullum:** General Drewry?

**Senator McElman:** No. It supported the report of the official observer team, the initial report.

**Mr. McCullum:** I am afraid I don't know what you are talking about, Senator. The only Canadian general I knew of was General Drewry who was on the observer team.

U Thant sent a Pakistani brigadier into Biafra who came back and refuted a good deal of what U Thant had said, although U Thant never had gone to Biafra. He only went to Lagos.

**Senator McElman:** You feel there was no untoward emphasis toward sensationalism in the reporting of this?

**Mr. McCullum:** No, I don't think so. I think the situation I saw in Biafra three weeks before the war was over was one of the most horrifying things I could imagine and I am quite sure the reaction of any human being, be he reporter or no, would be one of horror at what he saw, and I don't think that is sensationalism for the sake of sensationalism. It was a sensational thing when two thousand kids die in one day.

**Senator Sparrow:** Where there conflicting reports that came back? They were not all one line. Reports were made in the House of Commons by members who were there that conflicted with some of the news reports. Is that what you are referring to, Senator McElman?

**Mr. McCullum:** Certainly there was a vast conflict between the information available in Lagos and the information available in Owerri, the last capital of Biafra. They were issued by two conflicting information ministries but there is a pretty severe clamp on free access to news sources in Lagos and in

what was Biafra by the Federal Nigerian Government.

I think you have a conflict of what their information ministries report, which are picked up to some extent by the wire services, and what people see if they get a chance to get in there.

I think you will see from reading the papers in the last two or three weeks the sources of news in what was Biafra have pretty well dried up. The priests and the relief workers are out and there are no other sources of information. People are not getting in there.

The relief workers who are in there are not going to jeopardize their position by saying too much.

**The Chairman:** How accurate was the reporting on the joint church aid programmes, Canaire Relief and so on?

**Mr. McCullum:** As far as I know it was accurate.

**The Chairman:** Good full reporting?

**Mr. McCullum:** Yes.

**The Chairman:** The *Ottawa Citizen*—like Senator McElman I don't have it here—the *Ottawa Citizen* carried a front page story at one point saying that the television network film people had thrown pennies into the air and watched the children scramble for them and then photographed the scramble and used that. Was that done?

**Mr. McCullum:** I was not there. I read about it.

**The Chairman:** You couldn't comment on that?

**Mr. McCullum:** No.

**The Chairman:** Go ahead, Senator Petten.

**Senator Petten:** In paragraph 29 you say:

"As part of the mass media we, the church press, have a responsibility to regulate ourselves, without 'managing' news. It often seems that the secular media are unwilling to do this."

Would you like to expand on this.

**Mr. McCullum:** We feel that there has to be some standards, ethical standards and standards of reporting and writing and editing set up, and it has to be more than just self-regulatory by the individual publications.

We feel that this is something we have to do and we feel it is something that the so-called general media should be willing to do.

**Senator Petten:** That leads me to the next question. In paragraph 30 you advocate the establishment of a press council with authority and power. What kind of press council did you have in mind? Would you exercise a censorship? Would it have the powers of court?

**Mr. McCullum:** Hopefully the media would set up its own press council with some teeth in it. If they are unwilling to do so or are unwilling to set standards—I don't think I would use the word "censorship"—unwilling to set standards of reporting and writing and editing and so on, then I think that perhaps there would have to be a government regulations such as are imposed on the so-called electronic media by regulatory commissions.

I would hope the so-called linear media would be willing to do this voluntarily on their own.

**Senator Petten:** You would support the same thing as they did in Britain?

**Mr. McCullum:** Yes. I think it needs a little more teeth in it than the one in Britain has. Hopefully self-imposed teeth.

**Senator McElman:** What type of teeth?

**Mr. McCullum:** I would hope there could be perhaps through the use of the wire services some sanctions either by a method of fines or publicity or perhaps refusing to allow a specific publication to use a wire service. That would apply mainly in the case of daily newspapers.

This would be the sort of thing—sanctions of some kind against that particular publication.

In Britain the only thing they can do is publicize the fact that such-and-such a paper has violated the code and they can sort of thumb their noses at the press council after that. I think it has to have more than just the opinion of the particular press council that a violation has occurred.

**Senator Smith:** Mr. McCullum, you seem to suggest from the words you use that you would like to see a national press council rather than a provincial or regional one?

**Mr. McCullum:** I think probably there would have to be two kinds. Perhaps national

to set up broad standards but regional press councils to specifically deal with matters in an area.

I don't know how many there would need to be. I haven't thought about it that extensively. I think there would have to be regional councils as well as national.

**Senator Smith:** Reaching back into some of your interesting years in another form of press, particularly when you were an editor on one of the Toronto papers, can you recall some rather important happenings which you would like to have had a press council bring its weight to bear to prevent those from happening again?

**Mr. McCullum:** We have dealt with that a little bit in another area of the brief. I think in particular of where people's reputations or family backgrounds can be delved into to such an extent that innocent people such as children or wives or husbands, can have their reputations ruined for life perhaps. And if per chance the article happens to be wrong, still within the legal grounds, we put a small correction very often on a back page which really doesn't do anything to redress the harm that may have occurred to individuals.

**The Chairman:** Mr. Roche, I think, wants to add something.

**Mr. Roche:** May I give an example? In a province of this country an official of the government who holds a high place in the provincial government was arrested and charged with a sexual offence, quite a serious kind of sexual offence.

His name was published in the paper and the radio stations and so on. Please don't think I am accusing them of sensationalism; not at all. The name of the man was published and the crime and so on, long before he was brought to trial. There were several postponements and every time there was a postponement there was a resume of the case came up again.

Now I would question the integrity of that kind of journalism in which this man's reputation in the community in which he lives is now irredeemably lost. That is a bad thing.

**Senator Smith:** What happened to the case in the end?

**Mr. Roche:** It is still coming up. It has not come to resolution yet. Maybe he will be proven guilty, but if he is proven innocent his



reputation and job will be in great jeopardy in the community.

I am sure it is a vague example but believe me it is in Western Canada and it is a hot case.

**Senator Smith:** I take it you would appreciate the recent change, which I am sure Senator MacDonald as a lawyer knows more about than I do, but which I believe now makes it illegal to publish anything until a preliminary trial is over.

**Mr. Roche:** Yes, indeed. The details of this case have not come before the judge and therefore not yet reported. In fact, the judge may elect to hold the trial with a ruling that it cannot be reported. I don't know yet.

Nonetheless, what I am addressing myself to is the publication of this man's name in such a way that his reputation in the community is gone.

**The Chairman:** Senator MacDonald, would the Criminal Code Amendments prevent this from happening?

**Senator Macdonald:** I am not sure about publishing the man's name. The preliminary hearing is not published.

**The Chairman:** Senator Smith?

**Senator Smith:** May I ask a supplementary? Do you think it any worse for a man who is a politician or a leading businessman in a community and that he should receive the kind of treatment we all think he should receive. Are we not going to care so much about the fellow who is a carpenter's helper with no particular community reputation, good or bad?

**Mr. Roche:** No, I think the law is equal.

**Senator Smith:** Of course. I wanted you to say that. I knew you were going to.

**Senator McElman:** I would like to have comments from Mr. Roche and Mr. McCullum on this reference to a press council with power.

We have had a few from Mr. McCullum. Could we have a few from Mr. Roche of what type of power should be given, what teeth?

**Mr. Roche:** Mr. Chairman, I think the only thing to do is give you an honest response.

As in the churches we are not all agreed theologically, we are not in total agreement in the church press.

Mr. McCullum holds a view that I respect. I am of the opinion that the press council given too much power could also be injurious and could lead to censorship which I personally would oppose.

Nonetheless I feel we have to have more responsibility enforced on the media if they will not enforce it themselves.

I am really more in favour of stronger laws preventing the kind of example I have given—the publication of a name—rather than tossing it over to a press council to deal with after the fact. Here I am dealing in the area of character reputation in a community.

**The Chairman:** Mr. Homewood?

**Mr. Homewood:** I think I would agree with Mr. Roche on this.

Personally I am not familiar enough with press councils and I don't know that there has been a great deal of study or many recommendations regarding press councils, that I am familiar with, for Canada.

My concern would be with persons, with individuals, and with character damage, character assassination and prevention of this by law.

I am not personally convinced, I am not familiar enough with press councils to know that is the answer. It is one of those possible alternatives that requires some study, I think.

I am not convinced at this point it is the answer. It is one of the answers to the problem.

**Senator McElman:** Could I ask a supplementary?

We have had much testimony and many definitions concerning freedom of the press by witnesses before the Committee. One of those that is often mentioned in freedom of the press is freedom of access to news sources.

Now you are suggesting perhaps cutting someone off from the wire services. Would that not be a very distinct infringement of such freedom rather than simply a punitive action against one who didn't meet the code established?

**Mr. McCullum:** It would be an extreme penalty. I think in any press council with any teeth in it there would have to be a schedule of penalties, if you like. I think this is one area that could be considered in extreme cases.



It is not uncommon, if I understand the by-laws of the Canadian Press, to fine members. It is not uncommon and within the rights of fine members or withdraw their membership on certain grounds. I am afraid I cannot specify the grounds but I know this is within their power—that is limiting their access.

I don't think that is an impossibility. It may be extreme but it is not an impossibility.

**Senator McElman:** Would you not feel this would in fact be a rather strong infringement upon the freedom of the press?

**Mr. McCullum:** Yes; but if the violation was extreme enough I think it would be warranted.

**Senator McElman:** There is one other aspect of this. We have had testimony from some that if a press council were established, that only those who agreed to participate would be involved in any disciplinary or other action by such a press council.

It seems to me your comment goes a little further than that. You say that if they will not regulate themselves they should be regulated, presumably by the state, in some fashion.

Would you recommend compulsion that all must belong and be subject to the press council?

**Mr. McCullum:** Yes. It is just as the electronic media are governed by certain regulations by the CRTC. If the press will not govern itself or regulate itself, all of it, then I think it would have to be under some formal government supervision.

I suppose all my friends in the newspaper business will cease to speak to me now. I think it has to be done, and I would hope that they would be responsible enough to do it themselves.

**Senator McElman:** You would not think it would be workable if it were only something by choice as to whether they would belong or be governed by a press council sanction?

**Mr. McCullum:** No; not any more than a doctor could practice without being a member of the Canadian Medical Association.

**The Chairman:** Senator MacDonald?

**Senator MacDonald:** On page 8, item 25, you mention that since the church press is not

primarily committed to commercial gains, it has been able to take unpopular stands.

Are you implying that the lay press is only interested in commercial gains and because they are only interested in commercial gains, their news coverage is slanted?

**Mr. McCullum:** I am not saying it is only committed to commercial gain. I don't think the brief means to imply that at all.

I do think that there are economic pressures or commercial pressures which make it difficult and which may influence a person's thinking, an editor's thinking.

It probably is not on orders from the publisher or advertising manager or general manager but it may influence his thinking.

I think the example of the Middle East crisis where there has been pressure from one side as opposed to another—I am sure you will deal with that this afternoon—is an example. I would not suggest it is necessarily solely commercial.

**Senator Macdonald:** But you do feel that there has been some pressure of some kind on the lay press in their dealings with the Middle East crisis?

**Mr. McCullum:** Yes, I do.

**Senator Macdonald:** Would you care to expand on that as to what and how?

**Mr. McCullum:** Having read the United Church Observer's brief I know they are going to expand on it this afternoon.

**Senator Macdonald:** We will leave it at that then.

**Senator McElman:** Is there any conflict between that and what you suggest on the previous page, page 7, paragraph 20:

"Let it be quite clear that we solicit our share of advertising, and we readily concede that without advertising none of us, neither the religious nor the secular press, could survive."

**Mr. McCullum:** I don't think we could survive. We couldn't.

**Senator McElman:** And through the necessity of advertising are you subject to some sort of pressure?

**Mr. McCullum:** We are not in the business to make money, any of us. If at the end of the

year we break even, it is the cause of great jubilation.

**Mr. Homewood:** I might comment on that. In the consumer magazine industry—and I presume this would hold true of the newspaper industry—advertising revenues represent about 75 per cent of the total revenues. Advertising represents 75 per cent and circulation and subscription revenues—about 25 per cent.

With us it is the other way around. In the religious press in our own publication, the circulation revenues are about 78 per cent and subscription and advertising about 22 per cent. This is true of all the religious press, so we are not that bound to advertising revenues. They don't dictate that much of our policy; this is contrary to what is prevailing in the industry as a whole.

**Senator Sparrow:** How many dollars a year would be spent in the religious press in advertising? What would the revenue be?

**Mr. Homewood:** In total?

**Senator Sparrow:** Yes.

**Mr. Homewood:** I don't think...

**Mr. McCullum:** Some publications don't accept advertising and some accept a limited advertising from within their own denominations and others will accept almost anything.

**The Chairman:** Mr. Homewood, could you make a guesstimate?

**Mr. Homewood:** Within our Association we have two large publications, the *Churchman* and the *Observer*. In those two I suppose there would be close to \$300,000. All the rest would not total much more than that. Not more than half of million dollars.

**The Chairman:** Is there a national-local break-down on that?

**Mr. Homewood:** Not national-local. I couldn't give you that. A large portion of that comes from church sources so the national advertising of the publications would be relatively small.

**The Chairman:** Would it be 10 per cent?

**Mr. Homewood:** Oh, it might amount to 15-30 per cent of the total revenues.

**Senator Sparrow:** Do you as an association have a code of ethics for advertising or does each publication set its own standard? You

refer to certain types of advertising you don't accept. Do you set this as a guideline, as an association?

**Mr. McCullum:** No, we do not. Each publication has its own standards of advertising that it will accept and I don't think there is unanimity in any of them.

**Senator Sparrow:** You refer to commercial firms or industrial firms being somewhat reluctant to advertise in church publications from the standpoint that if they do it in one they have to do it in them all. Does that statement mean that the advertiser feels it is just donation and that there is in fact very little advertising value in the church press as such?

**Mr. Homewood:** I don't know whether I would be able to interpret what the advertiser means or what he is thinking but they don't apply the same criteria to the religious press as they do to the other media.

We can produce authentic readership reports and demographics to show that our readers are not in square boxes. They are average Canadian citizens and they do buy as other citizens and they do travel as others do and we have a viable medium for them.

The advertising industry as a whole does not apply the same criteria. In other words, for instance, if the *Observer* endeavours to sell to an advertiser he may say "If I go in the *Observer* I have to go in all the other religious publications." He thinks of maybe 40, whereas he may have only five viable alternatives in the religious press industry.

When he is buying advertising in *Maclean's*, he does not apply that same criteria. He doesn't say that he has to go into *Saturday Night*, *Chatelaine*, or *Time*. He buys in *Maclean's* on the audience and the demographics it produces and this is the only criteria he uses. It is going to reach the audience he wants to reach.

He doesn't buy us on the same basis. He doesn't bring an honest approach to the audience.

**Senator Sparrow:** What about the government advertising in the church press? Is it the same basis of thinking there?

**Mr. Homewood:** The same applies in government advertising.

**Senator Sparrow:** Does the church press get very little?



**Mr. Homewood:** We do get some but very little.

**Senator Sparrow:** Certainly no comparison to your circulation?

**Mr. Homewood:** Not in comparison to the circulation, the audience, the purchasing potential of our audience, the investment potential of our audience which is not vastly different than any other publications.

**The Chairman:** Would you say half your national advertising is from the government?

**Mr. Homewood:** No.

**Senator Peitten:** There is a pretty fair one here. Do you get many of these?

**The Chairman:** That same full page ran in the *United Church Observer*.

**Senator Smith:** That is advertising promoted by the Unemployment Insurance Commission.

**Mr. Homewood:** We feel we are a medium for that. Our people become unemployed as well as readers of the *Toronto Star* or any other publications.

**Senator Sparrow:** Do many publications belong to the Magazine Advertising Bureau?

**Mr. Homewood:** Only the *Observer* meets the requirements for membership.

**Senator Sparrow:** We could ask that question later. I suppose I should ask it later. Is there advantage in the church press belonging if they could meet the regulations?

**Mr. Homewood:** I can only speak for the *Observer* and perhaps we should deal with that this afternoon.

**The Chairman:** I think we might. I think, Mr. Homewood, you would be answering in your capacity with the *United Church Observer*, as a representative. Perhaps we could deal with that this afternoon.

**Senator Sparrow:** I suppose I could guess, but what type of advertising does the church press not take? The church press is restricted in what types?

**Mr. McCullum:** This varies from publication to publication. Some will not accept alcohol or tobacco advertising and others will. Some are more restrictive and accept only what might be called in-church advertising—religious books, religious hardware, that kind of thing.

**Senator Peitten:** Some will accept liquor advertising?

**Mr. McCullum:** Oh, yes.

**The Chairman:** In the opening paragraph you mention that you have 73 per cent of the circulation in Canada. What kind of papers would be in the 27 per cent who don't belong? That is on page 1, the first paragraph:

"73 per cent of the estimated total circulation of Canadian religious periodicals known to us."

Who would be the 27 per cent who don't belong?

**Mr. McCullum:** Small parish papers, small diocesan publications, some of the more conservative or fundamentalists denominations or sects.

**The Chairman:** I notice, Mr. McCullum, that none of your members are French Canadian? Is there any reason for that?

**Mr. McCullum:** Yes, they are. *Credo* is a regional publication in Montreal.

**The Chairman:** I am sorry. It is the only French publication?

**Mr. McCullum:** There were one or two others which have gone out of business which were members.

**The Chairman:** We want to turn to the brief from the *Presbyterian Record* but perhaps I could ask you a final question, if it is all right with the Senators.

I will put this question to each one of the three of you to comment on.

The Reverend Leslie Tarr, who is the Administrator of the Toronto Baptist Seminar, wrote a column which appeared in the *Toronto Star* just this past Saturday.

The lead on the story is "Minister Finds Radio Religion Just Turns Him Off." Perhaps I could quote the first paragraph and the last:

"If the state of health of religion in the Toronto area is measured by the local religious radio broadcasts the outlook is grim.

A bout of laryngitis kept me in the house on a recent Sunday and I thought I would taste what was available in religious radio. Fortunately I am a believer, for the experience could produce agnostics.

Not all programmes are hopeless, just nearly all."



He concludes by saying:

"Some good radio listener polls would deflate the ego of those preachers who fondly imagine that they are addressing a vast unseen audience out in radioland. They would discover not only is the audience unseen it is also non-existent.

I would be interested in the comments you might make on religious broadcasting in Canada.

**Mr. McCullum:** I personally would go along with Leslie Tarr pretty well all the way. I think there are some fine examples which would refute him but certainly on a Sunday morning I don't think I have ever listened to one for about five years but they are pretty appalling. There is one CBC Radio programme called Concern, I believe it is, which is an excellent programme. It is I think on a Monday or Tuesday night and really takes a good look at social and moral and religious issues in life today. On the whole I would agree with Mr. Tarr's assessment.

**Mr. Roach:** Mr. Chairman, I think this touches on some of the basic things we are concerned with as religious journalists. That is the categorization of religion. I am sure without taking any two day listening stint there are some bad religious programmes but there are also some good ones. Let us look at Man Alive on TV. On radio there is one carried nationally, at least in the Western part of Canada, at ten to eight in the morning. The Reverend Foreman, an Anglican from Saskatchewan, who gives a two or three minute talk. These are in my judgment very good religious programmes, the two I have mentioned.

I think that this ties in with some of the line of questioning that Senator Sparrow was on. What we are faced with is religious journalists trying to get across the idea that religion is more than just a compartment of life and those religious programmes that do treat it as overly denominational, the very hard sort of line, I think this does give credence to the belief that the religious programming, or the press for that matter, is narrow and old fashioned. In trying to be aware of the changing world there is a segment of religious communications both electronic and print that is trying to help people to lead a better life and contribute to our society.

This comes back to the question of government, when I was asked about government

advertising. I think we are penalized, especially in the provincial and national Governments. They do treat us as something compartmentalized, like little old ladies in tennis shoes running around on a Thursday afternoon putting out our little sheets—rather than as professional journalists committed to making a contribution in a social sense, by being aware of the ecumenical dimension of religion today and all that is for a much better Canada.

The Government hurts us on advertising in not giving us what we deem to be a fair share and then compounds it by giving an exorbitant postal rate increase—in my own case double. My budget was \$12,000 and it was doubled at a stroke of the pen, despite our pleading with Mr. Kierans about what he was going to do. I am sure you are aware it was across the board and not only the religious press.

This kind of thing we have to face with government is a real obstacle to the enlargement of our work which we feel is not, in the best sense of our association, denominationally orientated or protectionism or ghettoism or old-style; but is really making a contribution to modern Canada. We rest our case on that.

**The Chairman:** Mr. Homewood, do you want to comment on that?

**Mr. Homewood:** On radio programmes—this is perhaps in line with the changes going on in the churches in the worship itself. Many congregations are experimenting with new types of worship in recent response to the express need, particularly on behalf of youth, that the type of worship at 11 o'clock Sunday morning is not relevant to them. So the churches are responding by experimenting with new types of worship and perhaps in radio broadcasting of religious content it very often has not caught up with this. There are exceptions and very often unless it is a broadcast of a sermon or meditation, it is not religious. There are exceptions.

The Inter-Church Radio, which is an agency of the Anglican, Roman Catholic and United Churches, is producing programmes that are religious in a very broad sense. For example, the Nancy Edwards programme deals with many things such as poverty, race and so on, which you cannot pinpoint as being religious and yet it is a religious concern of church people. There are programmes such as the Hot Line programme that Professor Harpur has on CKGM, the Country Music

station north of Toronto, which is a religious programme but contrary to the old-style format.

Leslie Tarr has a valid point that many only regard the broadcasting of services and the sermon as a religious programme but there are other experiments and diversions going on that are significant and perhaps should be developed more than they have been.

**The Chairman:** Thank you, Mr. McCullum. On behalf of the Committee I would certainly want to thank you for coming and your views have been relevant and they have been worth while. Perhaps I can expand my appreciation later today when we complete all the hearings from the representatives of the church press. We were particularly interested in hearing from you people as a federation. Perhaps you might wish to inform your membership that if any member paper, including your own, wishes to send separate briefs we would be delighted to receive them. Thank you very much.

Senators, we will now adjourn for five minutes and then we will receive the brief from the *Presbyterian Record*.

#### BRIEF FROM THE PRESBYTERIAN RECORD

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**The Chairman:** Honourable Senators, if I may call the session to order. We are going to receive a brief from the *Presbyterian Record*. Sitting on my immediate right is the Reverend Mr. T. Melville Bailey, who is the Acting Editor of the *Presbyterian Record*.

On my left is Mr. C. Alex Culley, who is Business Manager of the *Presbyterian Record*.

I know, Mr. Bailey, that you were here at the earlier brief so perhaps it is not necessary for me to repeat all the things I usually say. Why don't you proceed with the oral statement and we will then proceed with questioning.

**The Rev. Mr. T. Melville Bailey: Acting Editor of Presbyterian Record:** First of all I want to thank you for the opportunity of being here. Coming on the heels of the brief which was just presented to you I am sure a lot of the points will coincide and therefore I don't want to make a long preamble.

I want to highlight a few facts. We consider our role as being educational and we have, in

the editor's office, a complete freedom of expression. Part of our mission is to awaken the church conscience and this takes place even though we must adopt views upon very unpopular stands. It is a ministry in communication. I say "ministry" because we believe, being a religious publication, that we must listen to what Christ is saying to the church and then in turn we must make this relevant to the people: what do the people need to know about church and the activities in the world? Therefore we are acting in sort of a family way. We have to keep the family informed and be in touch with them even though they are in a backwater spot in a remote part of Canada.

Secondly, costs are increasing faster than income. This is always making us look towards some kind of subsidization.

Thirdly, there are ideas that we believe must be promoted in such a magazine as our own. New ideas such as were touched on in the last summation and that the young people must be led in certain ways of expression of worship. We feel we want to be alive to these causes as much as anyone else.

Briefly those are a few highlights. I would be interested now in answering questions.

**The Chairman:** Thank you very much. I think Senator Kinnear is going to start the questioning this morning.

**Senator Kinnear:** Thank you, Mr. Chairman. Your brief is short so I thought I would ask questions from it and I know others will also.

I have two of your latest issues of the *Presbyterian Record* and I want to ask some questions about that too.

First of all, you say in your brief:

"Another function is to challenge and stimulate our members, both by presenting a vision of what might be and by looking beyond our limited boundaries to what is transpiring elsewhere."

What are some of the latest visions that you have been using so people will know what is going on?

**Mr. Bailey:** Well, I think that in the Biafran situation, there could be a certain apathy since there is such a long distance between our country and that country. Therefore the lead which our denomination took through Dr. Johnson gave the people a vision to which



they responded in a magnificent way. This is an example of some of the things that I believe.

**Senator Kinnear:** That you had in mind?

**Mr. Bailey:** Yes.

**Senator Kinnear:** I would like to elaborate a little more. You touched on a subject I was going to ask later. In this one issue in January you gave a great deal of coverage to Taiwan. Apparently you do a great deal of missionary work and sometimes devote a great deal of space to it. Would you include this in the vision of what you might be looking for beyond the limited boundaries?

**Mr. Bailey:** No. I would say that was a point with which most of our people are quite familiar because we have had a ministry in Formosa for practically a hundred years. So over the years our people are quite familiar with it. Our people are not familiar, for instance, with the emphasis now being placed on Old China and we have received comments both good and bad against running not only a cover but also material inside which asks our people to look sympathetically to these unknown people far off. We are all God's children.

Therefore in many of the letters in the March issue we have received complaints about being communistic and this kind of thing.

**Senator Kinnear:** Just to get back to Biafra, you were here all during the morning and heard what was said. What would your comment be on the reporting of the Biafran situation?

**Mr. Bailey:** I think that is the kind of reporting that comes out of a region and from my limited knowledge there were men who went into different territories at different times. If you are only exposed to certain things then you come out and report on what you are exposed to.

**Mr. Alex Culley, Business Manager, Presbyterian Record:** May I comment? I was very much disturbed about the team's report that there was not starvation in Biafra but malnutrition. I made it my business to go and talk to Dr. Johnson, the moderator of the church, who had been there several times. He said they had not gone far enough into the hinterland to find out because the people were hiding in the bush. He said "We have two or three hundred reporters who are giving us

information and this is how we get our information." There was no intention to make it sensational. I think what Dr. Johnson said several times, I have heard him and he wrote it, was quite unsensational. He was reporting what he saw.

**Senator Kinnear:** Certainly the situation was terribly serious and as I say now we are hearing so little. Have you people heard anything recently?

**Mr. Culley:** I haven't.

**Mr. Bailey:** I understand that the relief agencies there are being helped by some of our missionaries who are in the Lagos area. They are endeavouring to get stockpiles of medicine and food into the hinterland as quickly as possible. I don't think there is going to be any stoppage of this. I think there would be a cooperation between the Government's attitude and the missionaries' hopes.

**Senator Kinnear:** You have outlined in your brief, I think, ten subdivisions. In subdivision number 1 you say: "Unlike the secular press, our purpose is bound up with truths that are everlasting in an ever-changing society."

Well, I think that is fundamental. You go on to say: "While supporting the tenets that are age-old in their worth, we believe, also, there is an 'other' body of people beyond church walls who must also be recognized as God's people; and, therefore, they must be reached, too."

Well, I think a great majority now are not within the church walls; so how do you plan to reach them?

**Mr. Bailey:** As an example, there is a church closed in Toronto and rather than just tear it down and sell it, they have given it over to a number of groups within our church who are endeavouring to reach this other type of people. As the people come by the church, they are hesitant to come in because they feel they are going to get the old-fashioned traditional response—are you saved? etcetera, etcetera. They are surprised to know when they come in they can talk with a group of young people who have an entirely different concept of the present-day approach to religion. In this way we are endeavouring to draw young people into the church because we feel the message is the same from year to year but it has to be phrased in a different manner and this is how we can reach the people.



**Senator Kinnear:** You are thinking of young people there?

**Mr. Bailey:** Yes. The preponderance of population in a few years is going to be 25 and under.

**Senator Kinnear:** So I understand but now that the population is declining then you are going to run into another era where they are going to be all old.

**The Chairman:** Are you leaving that point, Senator Kinnear?

**Senator Kinnear:** Yes.

**The Chairman:** Could I ask one supplementary question? This is the next line following the part Senator Kinnear was reading:

"There, the religious press always should evangelize."

I think I know but what does "evangelize" mean? In this context.

**Mr. Bailey:** I think probably I meant there we are not just interested in getting a body of material over to people; such as whether there is going to be a church merger in the United States or what we are doing in Australia as far as change of ministry; whether we are going to ordain women. The church press should be slanted towards people as church people, that is to bring them to a higher understanding of churchmanship and to their christianity. In other words, to get them out of the box which was mentioned in the last summation.

**The Chairman:** The reference is not to the kind of activity Senator Kinnear was referring to? It is people beyond the church.

**Mr. Bailey:** I think that would be included in it. "Evangelize?" could mean a hundred things but it is uplifting of people.

**The Chairman:** The point I was coming to, Mr. Bailey, was in the broadest sense it seems to me, it must be difficult for the religious press to evangelize because you are (no pun intended) preaching to the converted?

**Mr. Culley:** Except this does go into families. We have a programme in the church. The Record goes into something like 80,000 homes. Now what we might be talking about there is the children in those homes. That is a type, I think, of evangelism.

**The Chairman:** I don't put it forward critically. I think you see the sense of the observation.

**Senator Kinnear:** Senator McElman has a supplementary.

**Senator McElman:** To go back to what the church and the church press did with respect to popularizing public sentiment in the Biafran situation, to the point I believe you said they came forward with great assistance; that was your general intent of the comment?

**Mr. Bailey:** Yes.

**Senator McElman:** There has been a good bit of suggestion that more people die in India each year than were affected in the Biafran situation. This is the external aspect of it. Within our own country the disenfranchized, the poor, and most particularly our native people live in rather desperate circumstances and there is the suggestion that the media, all inclusive, including the church press, have not done their job.

Do you feel that if you were moving into this area that you could bring about the same sort of response from the Canadian people that you did in Biafra in support of our own native people? Let us get it into the Canadian context.

**Mr. Bailey:** The areas in which you touch upon would not perhaps be as dramatic as the conflict in Biafra.

**Senator McElman:** Sensational?

**Mr. Bailey:** We have been bandying that word about. "Dramatic", I think, is probably a little more my own word. I do believe if men and women could be released to do this kind of investigating and reporting... For instance, in our own case our editor has a staff, including business, of just three people, and he has to attend interminable meetings. He cannot get into the source of information just by sitting behind his desk. He has to be freed to go and search out this material. I think this all comes back to cost factors again. I don't know whether that answers the question but that is the way I see it.

**Senator McElman:** Well, the church and the church press were able to find resources apparently to move into the Biafran situation. Surely their mission in Canada is equally important; or was it simply because of the dramatic aspect of it?

**Mr. Bailey:** Yes. The hand was out there pleading in that moment. We all know the Indian situation demands some kind of solution but it has been going on for so long some

people have become apathetic or taken sides; but suddenly there bursts upon us the great need—children dying, mothers being deprived of families, etcetera, etcetera. It is sensational, if you want to put it in that way.

**Mr. Culley:** May I say, sir, at the present time there is a national development fund being raised with a goal of five million dollars. They have raised about three and a half million dollars. In that figure, there is a fairly substantial amount to do something in the Indian area, for instance; Our church is already working in this area. We have one place in Manitoba and another one at Kenora. There is a great deal of work done over the years to rehabilitate those people. The church is helping advance the present thinking that non-segregation should take place—but how you do it—We find that is not an easy task. Anyway there is quiet efforts, shall I say, (and the *Record* has publicized this from time to time) going on and this is an ongoing work of the church, and it is growing. Does that answer your question, sir?

**Senator McElman:** Not entirely.

**The Chairman:** I am sure Mr. Culley wants to answer. Will you put the question again?

**Senator McElman:** You speak of the changing temper of our times, the changing values and the changing attitudes of people and society and you, sir, spoke and said it has been with us for a long time. Is your approach one that has been with us a long time or is it evolving?

**Mr. Culley:** Yes, I think we are trying to evolve it. We have learned some things about the Indian work, for instance, that we feel now are not relative and we are trying new things at Kenora. The experiment today is that you bring the Indian children in and educate them, not in Indian schools—you put them through the public school system but they are looked after in that sense.

Then, of course, you have the adult problem which is extremely difficult. I think I can say in all sincerity that the church is saying that it has done some of the things that are wrong and are now trying to do some things that are relevant to this particular time and age.

**Senator McElman:** Associated with matters of government we always hear in any matter that is suggested to be a crisis about "crash programmes" and so on. The church had some thing of a crash programme on Biafra

and it got through. Do you think that the church press could undertake sort of a crash programme with respect to our native people? Could you create a real impact upon the Canadian people?

It is suggested here that the religious press actually did the job in Biafra and others followed through. All right, if we accept there was a joint effort of the religious church press, do you feel that you could again give leadership to the media and create within the Canadian people an awareness, an urgency to help?

**Mr. Bailey:** I would say that assuming that you see a newspaper doing a good piece of reporting on some kind of injustice and bringing that to the people's attention, I think we can do the same piece of work. Perhaps we could do it more effectively if we did it in a cooperative way with the other denominations. There is a movement now where certain articles are being written with the help of maybe three different members of different churches and then this is released to their publications as being the voice on that subject. Perhaps some kind of crash programme could be undertaken in a cooperative way going through all the major periodicals. It would be a real catalyst.

**The Chairman:** Do you relate that specifically to Senator McElman's question?

**Mr. Bailey:** You were using that as one example, were you not? Poverty was another?

**Senator McElman:** I have been addressing it to the native people.

**Mr. Bailey:** First of all we would have to be very informed.

**Senator McElman:** We assume you are, sir. You say the problem has been with us a long time.

**Mr. Bailey:** Yes, but there is a variation of opinions as to what is right, what is the right viewpoint and the right attack. I do think a combination of forces would be very beneficial.

**Senator Kinneer:** I am following along and I am going to ask you something about paragraph 2. The complaint we are hearing all the time is about the increase in the postal rates. You have a circulation of about 89,000 and at 2 cents a copy that will be \$1,780. Now do you find you are suffering greatly from that? They say that there is a serious decline in circulations. Are you affected that way?



**Mr. Bailey:** We are affected by the trend in the decline in circulation and we are also affected by the rise in postal rates. For instance, in March 1969 our postal bill was \$434 and in the following month in 1939 \$1,788. So that is quite a jump.

**Senator Kinnear:** Yes. You also say "Whether cablevision in the TV field will tend to draw readers away from the printed word is yet to be seen."

Are you more worried about cablevision than ordinary black and white television or do you mean both?

**Mr. Bailey:** Yes, I think I mean both.

**Senator Kinnear:** Do you think it is drawing people away from you? We heard this morning that it is not worth listening to.

**Mr. Bailey:** Well, children will look at something where they probably won't take the time to read it. This is the thrust I was trying to make. If there is a so-called competitor drawing us away with something to look at rather than read, it is a danger.

**Senator Kinnear:** Are you really thinking along that line or is there such a great change in the way we are living today that something very new has to be found to get the attention of people and bring them back, the way we think they are going back to religion rather than away from it?

**Mr. Bailey:** I agree with you, yes.

**Senator Kinnear:** In your brief you state: "The editor of the *Record* has complete freedom of expression." Everyone says that, I think. How true is it?

**Mr. Bailey:** The only way by which the editor is bound is by the voice of the Assembly, which is the highest court of the church, if there were enough people thought that way, which could say "We want to hear nothing more about Biafra or nothing more about poverty." I cannot conceive of the court saying that but that is the only way in which I could see his hand being manacled; otherwise he might just as well retire.

**Senator Kinnear:** They don't say to you "Here is something I think you should stress". They don't give you leads?

**Mr. Bailey:** Not too much, no. I think the editor is aware of the needs or should be.

**Senator McElman:** Are there any strictures on what type of advertising you can run?

**Mr. Culley:** Yes. We do not take cigarette or liquor advertising.

**Senator McElman:** Do your people not drink or smoke?

**Mr. Culley:** They may.

**Senator McElman:** What is the reason for not taking such advertising? Where does the decision come from?

**Mr. Culley:** There is no written rule that I know of and no policy that you cannot take it but possibly in so doing you might give offence to some segments of the church and I think that we would not want to do that.

**Senator McElman:** Does that indicate, sir, that the editor of the *Record* has complete freedom of expression? Doesn't that indicate that there is some pressure, if you will, some presence that is felt?

**Mr. Bailey:** No. Mind you I have just come into my particular job since the first of the year. I am on a second career now. I have been associated with the *Record* for many years and I have never seen any statement of the General Assembly of the church not to run cigarette ads or liquor ads or so on. This is a decision of the editor but on the other hand I think we are talking about freedom of expression, in the editorial content. I think this is what is intended in the brief.

**Senator McElman:** Let me carry it a step further. Would it be acceptable, having in mind these people who might be offended by advertising, would it be an acceptable article, for your editor to do an in depth study, to take an approach, very hypothetical, that people do drink, many in excess, but stating there are ways in which drink can be helpful if used in moderation and so on. Now I am not going to go through an article—but this sort of approach. Would there be the similar feeling that this would offend certain people within the leadership and it should not be touched?

**Mr. Culley:** My own feeling would be if he felt so inclined to write an article like that, that there is nothing that would inhibit him from doing so.

**Senator McElman:** You were speaking earlier of your mission. Well, liquor is a problem. Do you have a mission to your people in view of the fact that some undoubtedly are going to have drink at some point in their life. Do you have a mission to suggest to them there are ways to use the evils of our society?



**Mr. Bailey:** If we are going to categorize something as good or bad in our conduct in relation to drinking or smoking I would say we don't intend to moralize or evangelize on that score. I have an article which was submitted to me recently on not smoking and I don't wish to publish it. I don't think this is what we want to get across to our people. There are many more issues that are alive and will touch the whole constituency. This would probably only please or displease a small minority.

**Senator McElman:** Perhaps I have pursued it far enough.

**Senator Smith:** I am interested in the last aspect that Mr. Bailey touched on. Why would you not participate in a campaign? Certainly the national government is presently in the midst of a campaign to convince people that smoking is very dangerous for their health. Senator Macdonald and I haven't smoked for some years, not because someone told us not to but because we have great willpower! I learned mine from him. I feel like getting up and telling people about it. My friend back here smokes all the time and he is going to die of cancer.

Why don't you get in on this? I think that it is something that has real validity for any section of the press.

**Mr. Bailey:** If we were to pursue it along the idea of a health problem, fine; but if you try and equate religion with smoking or drinking I think you are doing a lot of harm.

**Senator Smith:** Well, of course that was done in my case when I was a boy. When I was a boy growing up we were obliged to sign a pledge not to smoke. I smoked ever since until last year. This is the old-time religion and certainly not valid today. I am questioning your attitude towards running an article that is of terrific importance in the field of public health, I think.

**The Chairman:** I think what Senator Smith is driving at is you have a sort of "inverted inhibition" if that is the right phrase.

**Mr. Bailey:** If we were to pursue it farther how could we work with young people. We would have to say if you want to come in the church put your cigarette out. That is the kind of rigid attitude and we are not accepting people if we have to preach at them first in that regard.

**The Chairman:** What is your attitude to the so-called "permissive morality" which is becoming, I think, part and parcel of our everyday life?

**Mr. Bailey:** My viewpoint?

**The Chairman:** As an editor, I am sorry.

**Mr. Bailey:** I would not promote it. You are saying would I write articles to lead along this line of thinking? No, I would not. It is a trend.

**The Chairman:** In your March issue which I have been glancing through you have a question and answer column and I assume from the note at the bottom that these questions are not handled by yourself but by Rev. Dr. Fowler in Aurora. I am sure you don't censor his material. He does what he wants?

**Mr. Bailey:** Pretty much.

**The Chairman:** And this is the last question, someone writes in and says: "Why must we be bombarded with sex and nudity from every direction, especially on television? Can't something be done?"

I would like to read you Dr. Fowler's answer and ask you to comment on it:

"Not much, I fear. These things have been known before, and were found in ancient Greece. They will doubtless be known again in the history of literature, the stage and the screen. There may be a public revulsion. Citizens can express their displeasure to the television authorities, and if enough of them do so they may effect a change. I am confident that when they do so the cries of the smear words, "puritanism" and "prudery", will not upset them."

Could you comment on that?

**Mr. Bailey:** I would agree with the statement. I believe that there are cycles that civilizations seem to go through and when you pursue some of these trends to the ultimate then there has to be a going back to the original. I think this is what the article is saying—that we can make our views known to the different types of media. We don't want to remain silent. If we speak out, we are going to be classed as goody goodies and puritans but there will be perhaps a trend back to the good old times.

**The Chairman:** Do you think that the public generally are distressed by this "bom-

bardment with sex and nudity"? Is this a real problem in the minds of people of Canada today in your opinion, Mr. Bailey?

**Mr. Bailey:** Well, we have changed so much in so many things and we ourselves have not been able to catch up to this acceleration. I think people are in a quandary to know what to say in most cases; whether to say to the young people "This is the vogue, go ahead". What do you do? Do you rely on the things you are brought up on in the scriptures? Of course, as you know, the scriptures can be interpreted in many ways. That would be my answer, I would take my answer from what I believe the scripture is saying in this particular instance.

**Senator Kinnear:** I would like to belabour the smoking bit. It would seem to me that you should be able to inform them, without driving them away, that it is a poor thing to do because of health reasons.

**Mr. Bailey:** I think so; but once having said that you can't beat the dog.

**Senator Kinnear:** You can drop it because they know you think they shouldn't smoke because of health reasons.

Now Paragraph four of your brief says:

"The *Record* is one way of increasing knowledge among Christian people. This kind of understanding brings more support for the Church's mission."

This is the kind of education that you are trying to give to the people. Is that what you mean by that?

**Mr. Bailey:** I would think so, yes.

**Senator Kinnear:** You inform them by articles on what? Everyday affairs or biblical affairs?

**Mr. Bailey:** Both.

**Senator Kinnear:** Number 2:

"To interpret. This is a way of holding a mirror before our readers..."

Probably we don't want a mirror. We would rather not have it in front of us. We see ourselves as others see us there. Probably if you put that a different way and try show them an image of somebody they greatly respect in religion instead of themselves.

Would you like to comment on that? I don't know why you put that in there?

**Mr. Bailey:** I think that the basic doctrines of the church are difficult to understand and that how we interpret these gives people an opportunity to see which road they can take and at the same time they are holding up a mirror to themselves. They have to make some decision and in that decision-making they are making themselves more complete people if they are making the right decision.

**Senator Kinnear:** We were talking of advertising. What percentage of advertising do you have in your magazine?

**Mr. Culley:** About 20 per cent roughly. I figured it out the other day, Senator.

**Senator Kinnear:** That compares almost with what they said this morning—78 per cent-22 per cent. You are about 80 per cent-20 per cent?

**Mr. Culley:** Yes. Would you mind if I gave you the figures at the end of December, the fiscal year. The advertising was something like \$27,000 and our subscription income was \$95,000, so that would give you an idea of the ratio.

**The Chairman:** What is the reference to 60 per cent-40 per cent ratio in paragraph 10.

**Senator Kinnear:** Why did you put in 60 per cent-40 per cent?

**Mr. Culley:** I think what that is put in there for is because I happen to know that the 60 per cent-40 per cent ratio is the Government regulation. You cannot have or should not have any more than 40 per cent advertising.

**The Chairman:** I don't think there is any Government decree or edict or legislation regulating the amount of advertising that I am aware of.

**Senator Sparrow:** The postal rate.

**Mr. Culley:** This is so.

**The Chairman:** That is why you put it here?

**Mr. Culley:** This is to inform you this is the ratio which we would...

**Senator Kinnear:** You would not go above that?

**Mr. Culley:** Yes.

**Senator Sparrow:** You are talking about editorial content. It is two different subjects.

**Senator McElman:** The terminology should perhaps be "We stay within the bounds of the 60-40 per cent radio."

**Mr. Culley:** I would agree to that.

**The Chairman:** We were talking about two different things.

**Senator Kinnear:** I want to ask about the phrase "social gospel". I am not sure what that means. What does "social gospel" mean?

**Mr. Bailey:** I think in modern terms it would be men relating his interests to men in their everyday work. We are applying the teachings of Jesus to man and his every day.

**Senator Kinnear:** "Without being labelled..."

**Mr. Bailey:** There was a movement of social gospel that had some unchristian points to it that was popular, say, in the last century. This is why we put it in quotes.

**Senator Kinnear:** Again I took a different meaning. I thought you were hiding the fact you were a religious person or something.

**Mr. Bailey:** No.

**Senator Kinnear:** That is not it?

**Mr. Bailey:** No.

**Senator Kinnear:** In your brief, paragraph 5 you say:

"In church publications the readers look for direction, without feeling that they cannot think for themselves."

I had the feeling that if you put a "period" at the end of "direction"...

**Mr. Bailey:** I am sorry. Put a period after direction?

**Senator Kinnear:** And leave the next part out: "Without feeling that they cannot think for themselves." Do you think there are many people today who don't think for themselves?

**Mr. Bailey:** I would think there would be a lot of people.

**The Chairman:** A lot of people who take your papers that don't think for themselves?

**Mr. Bailey:** I don't think it was meant that way. Do you mean a lot of people generally?

**Senator Kinnear:** You say "In church publications the readers look for direction, without feeling that they cannot think for themselves."

**Mr. Bailey:** I wanted to get across that we are not giving them a party-line and they digest it. They take it because it is printed that way. They must be aware of the directions in which we would like them to think but they have to make their own mind up on it.

**The Chairman:** I would like to ask you about paragraph 6. You say: "If there are cartels in the secular field, this has no effect upon the religious press."

I therefore put this question to you. Do you think that there are cartels in the secular field as related to the media?

**Mr. Bailey:** Only by what I have heard could I base an opinion. That is why I put that there. I am not saying there are.

**The Chairman:** You have no opinion on it?

**Mr. Bailey:** No, I have no opinion whatsoever.

**The Chairman:** Are there any Senators who have questions?

**Senator Macdonald:** Is your circulation of 89,000 wholly within your church membership?

**Mr. Culley:** Yes; with a small percentage going outside, maybe a thousand or so.

**Senator Macdonald:** It is not on sale at newsstands?

**Mr. Culley:** No.

**Senator Macdonald:** To your knowledge was there ever any thought given to say, the four papers mentioned here—the *Canadian Churchman*, the *Western Catholic Reporter*, the *United Church Observer* and the *Presbyterian Record*—amalgamating and forming one publication, one national religious publication rather than all these small ones which have grown up over the years?

**Mr. Culley:** No, I haven't heard of any, sir.

**Senator Macdonald:** Do you think it might be a good idea.

**Mr. Culley:** It might be worth investigating, yes.

**Senator Smith:** Do you intend that your publication reflect the Presbyterian thinking on matters concerning religion? Would that be an objection that you might have if such a thing as Senator MacDonald suggests should



be up for discussion by all of the congregation?

**Mr. Bailey:** Well, I assume if we had some opinion on gambling...

**Senator Smith:** If the Presbyterian Church in Canada had particular views on any social problems or with regard to religious services and beliefs, if you had strong views would that prevent you joining in a cooperative way in publishing a first class religious-based magazine?

**Mr. Bailey:** If you are going to touch on such issues as gambling, you would have to iron out all these things before you even thought of coming together, wouldn't you?

**Senator Smith:** The Presbyterians have quite different attitudes on Bingo, I know that.

**Mr. Bailey:** Much.

**Senator Smith:** You don't think the fact that the Presbyterians have quite different religious beliefs as to methods of services and so on, you don't think that would be a hindrance?

**Mr. Bailey:** No.

**Senator McElman:** On this particular subject of gambling there has been a good deal of discussion before the Committee that in the society that we are now living in, there is need for dissent, dissenting voices to reach through to the masses. Great efforts are being made by the media today to provide avenues for dissent so the public can get all viewpoints and presumably, as in the church, reach for truth. What is truth?

Would this not be a positive approach, as suggested by Senator Macdonald? In such a publication there would be opportunities for dissent. You would have one viewpoint expressed and in the same publication another viewpoint expressed and therefore general public discussion within the Christian Church. Would this not be positive?

**Mr. Culley:** I would say in the tradition of freedom of the press there should be and there has to be. We have it in the *Record*. For instance we have a very conservative group who will dissent very violently on something that is written by a more liberal theologian or layman and we get all kinds of letters (we don't print them all) almost to the point of "Please cancel my subscription."

**The Chairman:** Do you get the reverse kind of letters when you have very conservative theological writing?

**Mr. Culley:** Oh, yes. A lot of these are printed in the *Record* so the people may see dissent and disagreement. This is the policy of the paper—to give expression to all various shades of theological thinking and various shades of Christian thinking within the church, and there are many.

**The Chairman:** Do you have a question, Mr. Spears?

**Mr. Spears:** Yes. On this question of dissent and varying opinions I would like to go back to the question of editorial freedom, which was mentioned here. Mr. Bailey in his earlier remarks said that one of the functions of the church press is to awaken the conscience of the people in the church and to do this it is sometimes necessary to take unpopular stands in the magazine. He mentioned one article on China which had aroused considerable reaction. I wonder if you could give us further examples of the kind of areas which the *Record* has found it necessary to take unpopular stands? This again is in the whole area of arousing dissenting opinion in the church and airing opposing views.

**Mr. Bailey:** If I had a little more time perhaps I could. I have to plead a certain amount of ignorance as I was brought out of a pastorate to fill a three month vacancy and I don't have a great deal of experience behind me to give you an answer.

**The Chairman:** Perhaps in view of the fact that both of the witnesses are relatively new we will leave that.

At number 9 on page three you say: "There is strong objection to slanted reporting." This is in the mass media. Could you give us some examples of slanted reporting by the mass media?

**Mr. Bailey:** Not specifically but just from what I have heard when I asked people before I came to the *Record* if they thought there was slanted reporting and they said they thought there was. A number of people said what they would like first is to have the facts presented and then the periodical, the newspaper or the TV could comment on it but then leave the decision to the people. As I say, I cannot give you anything concrete but this is the kind of thinking I picked up from people.

**Senator McElman:** None of those people gave you facts?

**Mr. Bailey:** No, they didn't.

**Senator Kinnear:** I think that I could ask about your joining in the ecumenical movement. I see that there is a good example of joining the ecumenical movement in the January issue of the *Presbyterian Record*, on page 6.

In that issue you show where two congregations, you take your own congregation into another, I believe a Ukrainian one, and found it a very fruitful experience. Do you want to continue doing that?

Also in Hamilton in the Presbyterian Church in one area—Pinelands in Burlington (Burlington is not going to go with Hamilton so I better make the distinction) at the first part—the United Church went to the Presbyterian to the number of about 15 per cent and now it is up to about 50-50. What happens there? Do you have administration difficulties or how do you manage? Do you take it all into the Presbyterian?

**Mr. Bailey:** It is the Presbyterian congregation.

**Senator Kinnear:** And their communicants are 50 per cent now.

I want to ask about the Ross report. You had them do a survey something like the Anglicans had in the "Comfortable Pew"—and we found it was the uncomfortable pew. Because we are short of time I am going to ask you about some of their findings. They say that there are indications of an orientation to people and communities and a de-emphasis on buildings. They say there is also strong support for more cooperation with community groups and with other religious denominations." Would you like to comment, Mr. Bailey?

**Mr. Bailey:** What they are pointing out is the fact that instead of little groups working in denominations, there is a great need now to speak with one voice and to join hands. Whether you do it as one big church or whether you do it as a number of communities speaking together is another matter but we cannot continue the Church in its present form unless we do turn to these new types of ministry.

**Senator Kinnear:** I would like you to speak about the de-emphasis on buildings. Where do you think this will be done and how?

**Mr. Bailey:** I don't know whether they mean there that people relate church to building and this is how we operate—anything done in this building is what is known as Church; or whether that means we should get out of the walls of the church into the society where we properly belong and where Christ wants us to be.

**Senator Kinnear:** Of course that is what you say. I wondered how you thought you would do it if you wanted to get out of the walls.

**Mr. Bailey:** I think to train many, chiefly young men, to do this.

**The Chairman:** Mr. Culley, do you want to comment?

**Mr. Culley:** I happen to be in a downtown church which is in a poor section and has high rise apartments and there are two things we are going to do. The first is find out if we can get the use of a room in a high rise and possibly hold services there. This is being done in London, Ontario. This is what is indicated the Church has to do—one thing they have to do.

Another thing that is happening is churches are considering in the periphery of the metropolitan areas what they call ecumenical complexes where they build one building and have one worship centre where two or three or four denominations would worship, a Christian education centre which would eliminate all this competition. I attended a meeting the other night was at a church in Northwest Metro Toronto where the United Church is considering going in as a congregation and joining with the Presbyterian. The United Church is not particularly interested in going in on the property that costs about 80 to 90 thousand dollars. These are the things that are happening, Senator Kinnear.

**The Chairman:** I hesitate to intervene in the discussion. I don't want to interrupt a most interesting discussion but I cannot help but observe that perhaps we are straying a little bit from the terms of reference of the Committee, as interested as we are in both Senator Kinnear's questions and in your answers. I don't mean to be rude.

**Senator Kinnear:** That is getting into the magazine content.

**The Chairman:** I stand corrected. Senator Kinnear, do you have other questions?



**Senator Kinnear:** I did have something. Do you think that religious services will continue to change? How and where do you expect they will take place?

**Mr. Bailey:** They will continue to take different form. I think in time there might be two types of services, one for the older and one for the new generation at different hours or maybe greatly changed eventually to become half old and half the new type that will please everybody.

**The Chairman:** On behalf of the Committee at this point I would like to thank you, Mr. Culley, and thank you, Mr. Bailey. Given the information that you are both, if I may use the term, new men, we are particularly grateful.

I am sure you are very busy and it is good of you to come and assist us in this way.

If I may say to the Committee the remaining brief from the Church Press will be received at 2.30 p.m. from the *United Church Observer* and 4 o'clock the witness is Mr. Dalton Camp. There will be two very interesting witnesses this evening. At 8 o'clock Professor Thelma McCormack, associate professor, Department of Sociology, York University. At 9 o'clock, Mrs. Una MacLean Evans, Alderman of the City of Edmonton.

The Committee adjourned at 12.30 p.m.

Upon resuming at 2.30 p.m.

**The Chairman:** Honourable Senators, if I might call this session to order.

This afternoon we are receiving a brief as you probably know from the *United Church Observer*.

On my right is the editor of the *Observer*, the Reverend Alfred C. Forrest.

Sitting on my immediate left is Mr. Homewood who you will recall was here this morning with the Canadian Church Press group. Now however he is here more directly in his capacity as the director of publicity services for Ryerson Press and I gather one of your functions more specifically is to be the business manager of the *United Church Observer*.

**Mr. Homewood:** Yes.

**The Chairman:** Dr. Forrest, the brief you prepared in compliance with our request and our guidelines has been received. It has been circulated to the Senators and has presumably been studied by them and now we are

able to put about 15 minutes at your disposal to comment orally on your brief.

You may expand, explain and amplify or take away from it or add anything else that you may wish to say and then we would like to question you on the contents of your brief and perhaps on your oral statement and perhaps on other matters as well.

Thank you and welcome.

**Dr. Alfred C. Forrest, Editor, The United Church Observer:** Thank you Senator Davey.

I am not going to say very much in the way of an introduction as I think it might be more profitable if the members of the Committee question the things I have presented.

I should comment first that we made a mistake in the circulation figure on page 1a—couple of letters were transposed which increase our circulation by 81,000. That figure should be 309,000 or approximately that.

I would say the first is more or less general with some background.

The second part, at the beginning of paragraph 18 is quite personal, and as a matter of fact it is written in the first person and I am definitely speaking for myself and expressing my own opinions at that point.

I make two comments or observations generally on the mass media based on my observations through the years as an editor of a church paper; firstly, I have expressed some criticism about the coverage generally of religious matters by the mass media. I would like to perhaps say right there that I have been negative in this. For many years I have attended church councils and conferences and I must say that from the time of my youth I was always tremendously impressed with how good a good journalist is. I have particularly noticed this with well-trained men of the Canadian Press who have moved from covering some event on a church council and in a few hours or in a day he had a tremendous grasp and reported well.

My criticism is more about policy and management, in that so often the young, immature and inexperienced reporters will be put on the church story, and if they do well they are promoted to sports or other things apparently more important.

So my criticism is more of the basic habit of editors and publishers of sending their less competent, less experienced people to some-



thing which I naturally think is extremely important.

The second observation I have made out of the mass media is a very special one. (Out of my own experience in most areas of their work I am not competent to judge or criticize. However, I have criticized rather sharply and documented my reasons for it). It is the general coverage of the mass media in this country on the Middle East; I have personally come to believe this is the most serious and threatening international situation in the world today.

That I have summed up in the latter part of paragraph 57 when I say:

"The Canadian people, on the basis of information they have received from their newspapers and the CBC, cannot be expected to make competent judgment on the most serious international crisis in the world today."

I think after making those comments to point out some of the things which I think are of more significance in the brief, I would ask you to ask me questions, and I must say that Mr. Homewood is more competent in business administration, though he has done a great deal of writing for *The Observer* as well and for many years was our managing editor.

The questions regarding the business and advertising and so on—we can share them, and I think perhaps Mr. Homewood would be most competent in that area.

**The Chairman:** Thank you very much, Dr. Forrest. I think we will turn right away to Senator Everett who has the first question this afternoon.

**Senator Everett:** Dr. Forrest, dealing with this matter of the reporting of the Arab-Israeli conflict, would you say that you are prejudiced in any way in favour of the Arab cause?

**Dr. Forrest:** Well, I try to be objective but I suppose I might be faulted professionally in one area in that I have tried to correct what I felt was an imbalance, which of course is always a very dangerous thing. But in order to keep myself objective I have relied very heavily on the reports of the international and more objective observers, reports of the United Nations. I have talked extensively with people who have been in the area and who have never visited the Middle East. I have gone to both sides and I spent ten

months there last year in which I travelled extensively in both Israel and the occupied territories and in several of the Arab countries.

I can say this with some reasonable confidence, that I think you will not be able to find an international observer, a foreigner—an internationalist, who has worked for any length of time in the area on both sides who does not agree basically with my findings on the Middle East.

I could quote—I wouldn't say that Arnold Toynbee agrees with me, but I have read a lot of what Arnold Toynbee has written and I find I don't disagree with Arnold Toynbee.

Well, I will make that boast that you cannot find a really informed observer on the Middle East situation who disagrees with my findings in basic things.

**Senator Everett:** What are those findings, Doctor?

**Dr. Forrest:** Well, one, the important thing, regardless of the faults in the past—I have found many faults on both sides actually but the important thing is to achieve some kind of a just settlement.

I have, for two and a half years, urged that we seek to achieve such a settlement on the basis of the November 22nd resolution of the United Nations, which you may recall was passed 15 to 0 by the Security Council.

That will be my main thing and I think for the sake of the people in the area, both Arab and Israeli, that this is the thing we should press for.

Now, I have commented on what I think is a very serious mistake on the part of Israel in refusing to permit the refugees in 1967 to return to their homes and camps as they were asked to do by the United Nations in a vote of 102 to 1.

**Senator Everett:** These findings are of independent observers. Do they apply in any way to the press reporting that you allude to here?

**Dr. Forrest:** Well, I would really covet for the press a more serious coverage of the issues and the things that might be done to ease the situation rather than the spotty reports on this incident and that.

There are naturally incidents on both sides every day. Now, I will say that I think there

has been an imbalance in reporting from Tel Aviv and Jerusalem. It is very rare that you get any kind of competent report in our press for example from Damascus and not too often either from Amman or Beirut.

**Senator Everett:** You seem to base your claim on the fact that the correspondent is just not there—they are mostly in Tel Aviv?

**Dr. Forrest:** I don't impute motives to newspapers or correspondents, no. I have said here that the Arab public relations and their treatment of the press generally is inept. The Israeli treatment is excellent. It is a lot easier to get your stuff out of Israel—to get into Israel, to get a story and get out.

I think there are more reasons than this but I do not impute motives.

**Senator Everett:** Not at all?

**Dr. Forrest:** Maybe I have been known to.

**Senator Everett:** You make a statement on page 18, item 56:

"Then there is another reason which I hesitate to bring up but it was attributed to one editor when he rejected a series of articles on the Middle East in which he showed some sympathy for the Palestinian cause. There aren't many Arabs in Toronto."

Could you give us more definite information on that?

**Dr. Forrest:** Well, I give that general illustration and frankly I don't like to name the reporter of that one but it is the sort of thing that one hears and one suspects.

**The Chairman:** Did you write the series of articles yourself?

**Dr. Forrest:** No, this was not mine. As a matter of fact this was a series of articles written by a former moderator of the United Church of Canada, Dr. E. M. Howse.

**Senator Everett:** In item 53 you say:

"... and the astounding inadequacies of our mass media in reporting and commenting on the Middle East problem sometimes shakes my confidence in their competence and their courage in dealing with other issues."

That would indicate that you do believe...

**Dr. Forrest:** That would indicate that I do impute motives—the motive of spirit?

**Senator Everett:** Yes.

**Dr. Forrest:** Well, that is true. I wonder how the press was reporting Vietnam 15 years ago. I wonder how the press reported Germany in the 1930's I wonder about those areas of the world in which I am not informed, where I am not competent, and I wonder for example how the press reports South Africa.

Now, I am anti-South African. I know how I have reported it—I have given imbalanced reports—I am against apartheid and I didn't think about this until I started to write this, but I suspect that the press in this country has not given a completely objective report from South Africa.

I certainly haven't, and I don't think I have found it, but because I am with the press in this one, I have not been critical. In other words, the reporting does follow I think somewhat inevitably, the subjective feeling of not only the reporter but the public opinion in this country, and I suspect on the Middle East we have tended to be influenced by a number of factors, one of which is the Israeli point of view which is popular and the Arab point of view which is unpopular.

**Senator Everett:** Dealing with the Toronto papers, do you think they have suffered from this?

**Dr. Forrest:** I think the *Globe and Mail* is the best. I think the *Telegram* must be an embarrassment to most of its news reporters. I think the *Star* is becoming more embarrassing to its staff.

**Senator Everett:** Taking the Israeli line?

**Dr. Forrest:** Right.

**Senator Everett:** In an article in the *Star*—I think it is dated February 25th of this year—taken from a meeting that took place at the Timothy Eaton Memorial United Church and I believe you probably followed the meeting.

**Dr. Forrest:** I was there.

**Senator Everett:** I am reading from this article ..

"Forrest told the meeting that since he began writing about the Arabs, I've been smeared at your Zionist meetings and slandered in your synagogues."

Has there been a great deal of pressure put on you?

**Dr. Forrest:** Well, the Jewish press, which I don't see much, has been libellous according to my lawyers. Scurrilous in some cases, according to my opinion, but when I say Jewish press I will qualify that again; although the name is sometimes Jewish it is the Zionist press. There is a great deal of very liberal and enlightened opinion in the Jewish community which has not joined in this, but there is extremism in certain quarters and it has been rough.

The type of thing that calls me an unreconstructed, medieval bigot, that creature—that type of thing.

**Senator Everett:** Do you believe then that the mass media has not been giving this fair coverage based on the pressure of the Zionist group?

**Dr. Forrest:** I wouldn't say based on pressure. I think there is pressure and many editors have told me that there has been pressure. I don't blame people for pressing. The Zionists have a point of view and the Israelis have a point of view and they both have a right to press.

I fault editors if they bend to such pressure. I certainly have been pressed and I think being human some editors are going to bend.

I do think the things that I have specified here are probably more significant in this matter of bringing about an imbalance.

**Senator Everett:** And you refer to that in your list of items on page 17?

**Dr. Forrest:** Yes. I think probably one of the most important thing is the basic decency of the journalistic and editorial community in that we have abhorred above almost all things the bigotry and race bias and that type of thing. I think the average newspaperman is a liberal who would consider race bigotry or bias or religious bigotry a much greater sin than some of the sins that maybe the Pope deals with more especially. If you criticize Israel or Zionism in this country you will be called an anti-Seminite.

Now, let me quote from the speech—if I may sir?

**The Chairman:** Yes, by all means.

**Dr. Forrest:** I would hope that our full time isn't given to this, but just let me quote from Mr. Aba Gefen, the Israeli Consul-General the other night, under the title "AntiZionism is AntiSemitism." He was dealing with me

specifically. This is a copy of the Speech as it was sent to me, as it was given, and as it was carried on the CBC. He says:

"It is true that the word anti-semitism is no longer popular, so our enemies invented a new name for their hatred of Jews: AntiZionism, which is Anti-Semitism of a new style only. Those who hold today in their hands the flag of anti-Zionism are saturated with the same ideologies which caused the genocide of six million Jews."

He was questioned on this by a very able Jewish professor whom he called a traitor.

Now, this I say is in the context of me. This is what you risk in this country and North America if you criticize Israel or the policies of the Israeli government which I have criticized, or questioned the philosophy of Zionism itself.

May I just deal with this a little bit further...

**The Chairman:** By all means. Didn't Rabbi Rosenberg go further than that?

**Dr. Forrest:** I don't take Rabbi Rosenberg seriously.

**The Chairman:** Okay.

**Dr. Forrest:** He has been rough.

Let me comment on another item. We have been charged with giving unmitigated support of the Arab terrorist commandos on the CBC and in his speech. Under the heading "The United Church Observer supports Arab Terrorism", he supports this by saying:

"An article in the *Observer* of December 1, 1969, called for the support of the Arab terrorists, who carry out daily terror activities in Israeli supermarkets, apartment buildings, parking lots, university libraries and cafeterias."

Now, Dr. Bennett who wrote this is the Associate Secretary of the Canadian Council of Churches who was a Canadian representative to the Cyprus conference on the Middle East, and he brought back a news report and this is the paragraph on which this is based—unmitigated support of the Arab terrorists. I quote:

"A factor of some considerable importance is the new Palestine Liberation Force. No longer a group of dispossessed peasants, it has in its membership a whole host of intellectual elite. In one



college of a well-known university of the Middle East, 19 out of a graduating class of 35 went straight into Al Fatah."

Now, I would say that that was news reporting and it is pretty familiar to anyone who has been in the Middle East.

His last sentence is:

"In turn this—terrible as it may sound—has brought a new sense of dignity and national identity to the Palestinian whether in or out of Israel."

Now, that is interpreted publicly through the media as unmitigated support of the *Observer* for Arab terrorist commandos. Dr. Gefen goes on to say:

"In its December 15th issue the *Observer* called openly to send in donations for the terrorists who throw grenades into crowded Jewish stores, who kill men, women and children..."

You may look at these publications sir, if you are interested.

This open invitation for the support of Arab terrorists was a public service announcement which was requested by some women in Toronto who are Canadians, and I had put them in touch with the Red Cross, and the notes read:

"Urgent. Clothing, boots, donations for medicine and foods for Palestinian refugees. Send to the Red Cross Society"

and we give the Toronto address...

"and for further information call."

Now, the boots and donations et cetera were left at United churches to be sent.

Now, this is interpreted as calling for donations for the Al Fatah terrorists. Now, this is the type of thing you deal with when you try to discuss this subject in this country.

**Senator Everett:** It would seem to me—I don't want to pursue the point any farther than this, but it seems to me that some of the statements you have made in here—the press in this country is overwhelmingly pro-Israel and pro-Zionist.

**Dr. Forrest:** That by the way is a quotation from I. F. Stone, editor of the *Stone's Weekly*, who is probably the leading Jewish intellectual on this continent.

**Senator Everett:** And you were quoting him?

**Dr. Forrest:** I don't know whether I attributed it to him or not, but I probably should have.

**Senator Everett:** Then you go on to say:

"I don't object to the editorial bias, but it is reflected in an imbalanced and partial news coverage."

**The Chairman:** Where is that, Senator?

**Senator Everett:** That is at the bottom of page 14, item 46, and then in dealing with the question of Syria being closed to the British, American and West German reporters, and you say that the Canadian newsmen should be put in there because they would tell a story which you say "would shock the world."

It seems to me that what you are suggesting in all of this is that for one reason or another, whether it be Zionist or Jewish pressure or whatever it is, or sympathy towards their cause, there is a real clamp in the Canadian media on either pro-Arab news or even I suppose you could go so far as to say telling the story straight.

**Dr. Forrest:** Yes, I make this charge.

**Senator Everett:** You are making a really serious charge?

**Dr. Forrest:** I make this charge very seriously.

**Senator Everett:** Would you exclude any part of the media? Would you exclude part of it at all?

**Dr. Forrest:** Well, the CBC and the radio broadcasting companies. I am just saying that Syria from personal knowledge is one of the most significant stories in this whole thing.

It is a big country; it is a fascinating story—it is a tragic story of those who have been uprooted contrary to the Geneva Convention and indeed out of their villages. 739 applications were made through the International Red Cross for the rejoining of families, and when I was there I researched this story very carefully and none had been reunited.

Now, I am just saying that a press that is alert, a broadcasting company that is alert, gets into Syria and gets that sort of story out to the Canadian people. I wrote it and it was rejected by one newspaper...

**The Chairman:** Which newspaper?

**Dr. Forrest:** The *Toronto Star*. It was carried in the *United Church Observer*, and the

only comment that appeared in the press was a statement that I must be the most biased Christian in Canada for reporting these things like Mr. Roland de Corneille who had just had a free trip to Israel.

**The Chairman:** Where did that statement appear, Dr. Forrest?

**Dr. Forrest:** That statement appeared in the *Toronto Telegram* and was carried by religious news services around the world.

**Senator Everett:** Who is Mr. de Corneille? For whom does he work?

**Dr. Forrest:** He is an Anglican priest and he works for *Christian-Jewish Dialogue*. He is paid in part by the Council of Christians and Jews and part by the Anglican Church of Canada.

**Senator Sparrow:** Now, what do you mean by the free trip you mentioned? Who paid for that?

**Dr. Forrest:** El Al and the Government of Israel. This is very common among the clergy. About 27 or 29 editors had a free trip to Israel a year ago and this is a very active programme of the Israeli Government—it has been for over 20 years.

They take the clergy to the Holy Land but usually they get only to the one side. A recent trip took about 60 editors of the church press and it was advertised as a study tour and indicated that it would probably go to both sides, but it didn't; it went to Israel.

**Senator McElman:** Have any representatives of the *Observer* ever taken such a trip?

**Dr. Forrest:** Mr. Homewood went after we talked it over. He has been there many times and he is a pretty informed person, and he has been there on the one trip.

**Senator McElman:** It was free to him as well, was it?

**Dr. Forrest:** That is right.

**The Chairman:** You have never had one?

**Dr. Forrest:** For some strange reason or other I have never been offered one!

**Senator Beaubien:** But you were there for ten months you say?

**Dr. Forrest:** Yes, but I never received a free trip.

**Senator Beaubien:** Who paid for that?

**Dr. Forrest:** The United Church. As a matter of fact, if you want me to go into this, my expenses for that tour, for that time abroad—my salary was paid by the *United Church Observer*, my expenses were paid by the *Presbyterian Life*, the *United Church Herald*, and syndicated Protestant church papers, including the Lutherans, Anglicans, et cetera. This was the arrangement that was made. There was no government interference and I was very jealous of this thing.

I think in this area under such controversy church editors have to watch this very carefully.

**Senator Everett:** I would like to leave this subject, Mr. Chairman, but if there are any other supplementary questions...

**The Chairman:** Are there any more supplementaries on this subject?

**Senator Beaubien:** Just on something Dr. Forrest said at the beginning.

Dr. Forrest, you said that you think the Middle East is the worst danger spot. Are you thinking of war now?

**Dr. Forrest:** Yes.

**Senator Beaubien:** That is what you were referring to?

**Dr. Forrest:** Yes.

**Senator Beaubien:** You were referring to an all-out, full scale war?

**Dr. Forrest:** Senator Davey, I have given sermons on this, and I don't think the Committee would like to hear one now, but yes, that is what I was referring to.

**Senator Beaubien:** Do you think it will spread?

**Dr. Forrest:** Well, if you want my opinion, I think when it breaks out Israel will win it again quickly. However, the Arabs will keep on and this will go on for decades, and I personally think it would be a disaster if the Arabs were to win in their present mood. It will be tragic if Israel wins again because there will be more refugees etc.

It is a disaster anyway because people are being killed all the time and a tremendous part of all the national income from all those people is being spent on armaments and the young people are being brought up in hatred in the preoccupation of war.

On the main claim I have made I am not competent to assess this. I am not a competent military person, but I know that Mr. Nixon and Mr. U Thant have said words to this effect, that it is the most threatening or most explosive situation in the world today.

If you know the whole business of Africa and Africa's relation to the Middle East—the Middle East oil and so on—you will appreciate some of the threats.

**Senator Smith:** I would like to ask Dr. Forrest why is it that Syria hasn't tried to induce newspapermen, politicians and clergymen to come into Syria and see this story that you have described?

**Dr. Forrest:** Well, Syria is tough and they have changed their governments at least 20 times or so.

I talked to one of their senior officials and he would correspond I suppose to an under-secretary of state who is a church man and friendly and one day he said "You know, I don't know what goes on right now myself." And he gave me a message to give to John K. Cooley of the *Christian Science Monitor*—and I must say that I think the *Christian Science Monitor* is the most competent newspaper in North America on the Middle East—to say that he was trying to get him in.

Now, let us put it this way. Syria is difficult. If a newspaperman arrives in Beirut, if he is an American, British or German he can't get into Syria, he may wait six months, but a Canadian can get in but he can't get in tomorrow. Most of us are in a hurry.

I remember the first time I got in since the June war—I could not get a visa at the United Nations or in Washington. I was advised to go to Egypt and fly in in the middle of the night. So I went to Egypt, with a little help from our own department, and with some difficulty I got a visa and I flew in in the middle of the night. But if I had tried to cross a border even with a visa, I probably would have been stopped.

In other words, it is a tough assignment to get to Syria and to do your job. To me this should be a challenge to the great newspapers, broadcasting corporations and wire services of this country to get their top men into that country instead of going over and just whipping into Jordan and sitting around Beirut or going to Jerusalem.

**The Chairman:** Perhaps if Senator Everett will allow I just have a couple of questions on this same subject. They are very short and will come to the point.

**Dr. Forrest:** Well, I thought you would be on tobacco and liquor and a few things like this morning.

**The Chairman:** Well, we may come to that, Dr. Forrest.

Why do you say the *Telegram* is more embarrassing than even the *Star* when it comes to this kind of coverage?

**Dr. Forrest:** Well, I will say this for the *Telegram* and Mr. Basset. Mr. Basset is an out and out pro-Zionist. That is his privilege and this shows in the editorials.

**Senator Smith:** That is his bag.

**Dr. Forrest:** The expert on the Middle East is Rabbi Reuben Slonim...

**The Chairman:** Who writes for the *Telegram*.

**Dr. Forrest:** Yes, and he is the Middle East expert.

Now, that itself—I think it is better to have a Protestant for example being the expert on the Vatican than a Cardinal. I think it is better to have an expert on the Middle East who is an atheist or agnostic or United Churchman.

Now, it is my observation that the *Telegram* reporting has toed too much to the *Telegram* editorial line.

**The Chairman:** Have you in any of your trips to the Middle East ever filed a story or a series of stories on your trips to the Middle East to any daily Canadian newspaper?

**Dr. Forrest:** Yes.

**The Chairman:** Which paper?

**Dr. Forrest:** Well, in '67 I did a series on the refugee camps. I saw a lot of the refugees and I talked to top Israeli and Arab officials and I did a series for the *Toronto Star* when I came back.

I was very pleased with the way they handled it. It was syndicated and carried in a lot of Canadian papers.

**The Chairman:** Did they carry the full series?



**Dr. Forrest:** Yes.

**The Chairman:** Everything you wrote?

**Dr. Forrest:** I have no criticism whatsoever. I have only praise for Mr. Sykes, who was managing editor of the *Star* at the time, and how they carried and syndicated that story in 1967.

**The Chairman:** Well, you mentioned a story that the *Star* did not run—when was that?

**Dr. Forrest:** Well, I always believe in answering questions forthrightly and I am being put in a situation where I...

**The Chairman:** Well, if you prefer not to answer, please say so. We are not trying to embarrass you.

**Dr. Forrest:** Well, I have made my peace with the *Star*, but for certain reasons I do not impute motives and I don't think it was because of incompetent reporting that my series of 1968-69 did not get published in Canadian papers.

**The Chairman:** Dr. Forrest, has the United Church or anyone in the church—I suppose I should exclude lay people—ever asked you to soft pedal this, or suggest that you soft pedal or low-key the issue?

**Dr. Forrest:** I guess indirectly I was advised and not—I don't think for any wrong motives but for something to which I am very sensitive myself.

I was advised by advisers whom I respect—"Look, you have made your point. You have told your story. Don't let the *Observer* become a bore by pounding this all the time or you will be like somebody who is always on liquor or tobacco or dancing or Jehovah Witnesses or something."

This advice was offered to me semiformally I suppose I would say. I haven't followed it. I don't have to follow advice.

**The Chairman:** Well, I have perhaps just one other question and then we could go back to Senator Everett.

Has the *Observer* in your opinion made a conscious and successful effort to put forward the Zionist position or the Israeli position if you will?

**Dr. Forrest:** I have here certain issues that some of you might be interested in looking at, but this was an issue that had a great deal of material on it.

I don't want to defend myself but just let me...

**The Chairman:** Well, we don't ask you the question in the sense that you have to defend yourself, but I think we would be interested in it.

**Dr. Forrest:** Well, I thought I had a pretty balanced, objective report in that issue, but certain of my Zionist friends thought I had been very unfair, so in the following issue I carried a long piece from the Israeli Ambassador who told me I had made the *Observer* an adjunct to the Arab information office or something, and a very long piece by Rabbi Plaut who disagrees with me very strongly, but he is a personal friend and I have always respected his views.

I carried these two long articles in the subsequent issue without comment—I would have liked to have commented, but I thought I had an unfair advantage of them.

Now, I certainly haven't gone out to solicit articles propounding the Zionist philosophy.

**The Chairman:** No, but you think there has been an attempt at some sort of balance?

**Dr. Forrest:** Yes. I think if you don't try to do this you will lose the confidence of your readers.

**The Chairman:** Senator McElman?

**Senator McElman:** On that same subject, if I could just quote from the brief we received this morning from the Church Press, at page 8 it says the following:

"At a time when the news outlets of Canada concentrated so heavily on the Israeli side of the Middle East crisis, it was the church press (often under heavy criticism and facing utterly baseless charges of anti-semitism) that attempted to present another side of this confusing and dangerous situation."

Would that suggest another side, that it wasn't an attempt at balanced reporting but rather to present another side?

**Dr. Forrest:** Now, of course, this is a different bag from mine, although they probably had me in mind.

I may say that the experience that I have had has been a fairly common experience for the church press in North America. The CCP would be thinking in much larger terms than the *United Church Observer* but yes, I plead

guilty on this count. Maybe not guilty but I certainly have left myself open as one does if he seeks in any way to correct what he feels is an imbalance. I have sought to do that.

And I see reports coming day after day from Israel and nobody has been in Jordan or Syria. I went to Jordan and Syria and I reported on what I saw there. I don't try to report everything which I know people have already read and heard just in order to give the impression that I seem fair.

It would be very easy to win friends and influence people by repeating things which had already been published but yes, I am aware that *the Observer*, and probably other church papers, have exposed themselves to a charge here, and we have likely done this in other areas.

For instance, quite candidly, I would like to get to Hanoi. Now, if I go to Hanoi I can be charged that I didn't go to Saigon. However, I have been muttering for a number of years that there have been far too many clergymen—especially years ago—who took free trips courtesy of the American military, to Saigon.

Now, this is the danger. If I went to Hanoi, probably I should to to Saigon too. I don't know whether I will get to Hanoi or not but I don't see any point in the *United Church Observer* making any more whatsoever to go to Saigon.

It has been written on too often, but who has really done Hanoi? I am not very much interested in going to Hong Kong, but I would very much like to to Peking.

**Senator McElman:** Would it be fair then to suggest that the assumption has been drawn that *the Observer* is not endeavouring to present a balanced picture of the total situation?

**Dr. Forrest:** I would object to the assumption but I have seen people making that assumption and finding some evidence for it.

**Senator McElman:** The reason I asked the question is I read from this that the church press itself draws such an assumption, not necessarily of *the Observer*...

**Dr. Forrest:** Yes, I draw the assumption of the mass media generally in this country that they have been imbalanced on the other side.

**Senator McElman:** And again, the assumption is that you are not trying to present the balanced picture for your readers but another

side to equate perhaps what you believe the mass media have been doing. Is that a proper approach to it or not?

**Dr. Forrest:** If it is put in that terminology, yes. I think that is a fair point to make. When you are called anti-semitic for doing it, I object.

**Senator Everett:** Do you then as an editor for a church magazine believe that it is appropriate to present to your readers unbalanced reporting of that nature?

**Dr. Forrest:** No, but let me give you an analogy or another illustration. I attended the opening of the Vatican Council and I put Pope John on the cover of *the Observer*. There were a lot of Protestants and Orangemen who thought that I was unbalanced—that I was giving the other side. I don't think I reported much about what the Orangemen had to say about the Vatican Council.

Now, that has been given at such length by so many. I must say, if we were a 48-page daily paper, I suppose we should cover more facets of things, but we are a periodical and rather slim. I felt that this was a helpful way to do it, to try and correct some certain imbalances.

At that time we lost many thousands of subscriptions for being imbalanced. We were trying to give for the first time in our history a sincere statement from the point of view of the Catholic community.

I did the same with the Russian Church when I went to Russia.

Now, do you still give equal space to all the anti-Communists in the country to keep balance?

Now, this is an art or an attempt at the skilled and sure, you may make mistakes as artists do. I do not measure the lines or count the stories on one side or the other. Balance is something we try to achieve and it is one of our principles but I will say that people certainly, depending somewhat on their point of view, will find us at times not balanced.

**The Chairman:** Senator Everett?

**Senator Everett:** Would you tell me what *the Observer's* policy is, Doctor, on junkets or free trips?

**Dr. Forrest:** Well, I wrote an editorial on this a while ago, and this is the one in which

I was called a medieval bigot, saying that there were lots of trips to the Middle East and we recommended that people go. But for churchmen or anybody who is in a position of trying to influence public opinion, two things we should keep in mind when there is a controversy is to go to both sides and pay their own way. That sums up my policy.

**Senator Everett:** But is that the policy of the *Observer* with all of its editorial staff?

**Dr. Forrest:** Generally, yes.

**Senator Everett:** Do you take free rides or free trips of any kind?

**Dr. Forrest:** Not big ones. For instance, in Israel I had a fellow with a car taking me around. I have done a lot more of this type of thing in Israel because they are better at it. I accept the usual courtesies accorded to the press in this situation. I don't think we have taken any trips outside of the one Mr. Homewood had when he went along, and it was a carefully thought out one, and we thought it would be a good idea if he went.

**Mr. Homewood:** We did some years ago when the military had some stories, with the Bomarc...

**Dr. Forrest:** Oh, yes, up to North Bay, and I had one with the international affairs and I went to Norad and Nato one time with some kind of an international affairs thing.

I take a ride with the Air Force—I am an Air Force veteran and I take a ride with the Air Force every chance I get.

**Senator Everett:** I notice that you don't derive much advertising revenue from travel advertising.

**Dr. Forrest:** No, we think we should get more. We think we are legitimate for them and we actually run tours.

Now, our staff people have gone along on conducted tours, so they more or less get a free trip, but they work for it and that I don't consider a junket.

**Senator Everett:** These are travel tours?

**Dr. Forrest:** Well, we promote a tour somewhere or other, and maybe one member of our staff or someone we choose will conduct the tour—there again according to the way it works they receive their ticket for the tour.

**Senator Everett:** From whom?

**Dr. Forrest:** It works out from the travel agency or the air line.

**Senator Everett:** Do you have a travel page in the *Observer*?

**Dr. Forrest:** No.

**Senator Everett:** You don't do any touring on...

**Dr. Forrest:** Well, we have a lot of travel in there and we sell some travel ads. I have always felt that the *Observer* was a very good medium for travel. Church people like to travel.

**Senator Everett:** You say at the bottom of page 6, item 13:

"We have, for example, a strict policy against advertising tobacco, alcoholic beverages and certain patent medicines, or gimmicks and gambling devices for raising money for charitable purposes. Mink coats and Cadillacs aren't for the *Observer* either."

Now, do you class Cadillacs...

**Senator Beaubien:** Now, Senator Everett, you are a Ford dealer and that is not fair!

**Dr. Forrest:** I would take a Lincoln ad any time we could get it, but you would sell more Mustangs.

**Senator Everett:** In other words, what you are saying is that as far as mink coats and Cadillacs are concerned, you have no policy against them?

**Dr. Forrest:** Oh, no. However, we would not say to our advertiser—well, we know that we would be dishonest if we tried to sell—well, let me put it this way.

I remember our advertising manager coming in one time and saying he was talking to a big executive who was smoking a big cigar who said "Look, the *Observer* puts people out of a buying mood. I can't even enjoy a good cigar after I've seen all those poor little starving kids."

Now, I think there is something in that. I would say that we need to sell within the general policy of the church press. We are a better medium for modest things and not a good medium for luxury ads.

**Senator Everett:** But that is not because of your readership?



**Dr. Forrest:** No, it is not the kind of people we have, no. They drive Cadillacs and Lincolns and so on.

**Senator Everett:** But by the time you have read *the Observer* they are out of a buying mood?

**Dr. Forrest:** Well, they are out of a mink coat buying mood.

**The Chairman:** Are you leaving that page because I have one question on it.

**Senator Everett:** Well, I have one question on that page, but it is on postal rates.

**The Chairman:** Well, mine is on advertising. You say you have a strict policy against advertising tobacco, alcoholic beverages and certain patent medicines. I am curious to know which patent medicines you are against?

Presumbaly, Preparation "H", which I see advertised on page 36 of this issue and which is reported to have great healing qualities apparently is okay. What kind of patent medicines wouldn't be okay?

**Dr. Forrest:** I have wasted more time on this—I don't have much to do with this—but once in a while we have cleared the decks and I have said "All of it goes out."

I can give you a lot of illustrations and testimonials from church elders on Preparation "H" but...

**The Chairman:** Well, I don't think that would be necessary!

**Dr. Forrest:** Well, let us say that we are slightly inconsistent from time to time in those little ads at the back.

**The Chairman:** I wonder why you accept them?

**Senator Smith:** What is wrong with them?

**The Chairman:** Well, I was going to ask him that.

**Dr. Forrest:** Well, when I became editor of *the Observer* I was going to tee in on three particular ads.

One was trusses, one was unwanted hair and one was "do your false teeth slip"? Now, I am not going to deal with all of these...

**The Chairman:** Well, the false teeth is right above Preparation "H"!

**Dr. Forrest:** The chairman of our advertising committee took me out to lunch at the Royal York just about the time I became editor, and he started telling me what an awful time he had had with his teeth for years until he got this stuff.

And I really thought, do I have the right to tell these people that we don't like the looks of their ads.

I do have some other illustrations, but I won't impose them on you.

**The Chairman:** Well, we are pulling your leg a bit, Doctor, but still on advertising, and I think a little more serious type of question is about your membership in the Magazine Advertising Bureau.

Perhaps Senator Everett will be dealing with this.

**Senator Everett:** I am.

**Dr. Forrest:** I suggest you go to Mr. Homewood on this.

**The Chairman:** That is fine.

**Senator Everett:** On the part of the postal rate changes—were you paying a special religious publication rate?

**Dr. Forrest:** No, I don't think so.

**Mr. Homewood:** Second-class rates.

**Senator Everett:** Second-class rates?

**Mr. Homewood:** Yes, there was no special religious rate. Pardon me—I think there was a quarter of a cent per pound difference between religious publications, and not only religious but public service or non-profit publications and others.

I think the rate was 1½ cent per pound for the others and we were paying a cent and a quarter I believe.

**Senator Everett:** Your rate right now I gather is 5 cents a pound and 2 cents a piece?

**Mr. Homewood:** We don't get the benefit of the 5 cents a pound. Ours is straight 2 cents per copy.

**Senator Beaubien:** Is that a big increase?

**Mr. Homewood:** 500 percent.

**Senator Everett:** What effect on your revenues did that have? Not on your revenues, but on your postage?

**Mr. Homewood:** Well, the increase in postage alone was from \$30,000 to \$150,000.

**Senator Everett:** \$150,000?

**Mr. Homewood:** Roughly \$150,000.

**Senator Everett:** So that increase was \$120,000?

**Mr. Homewood:** Yes.

**Senator Everett:** Could you not compensate for that in your subscription rate?

**Mr. Homewood:** We couldn't, because it came in suddenly and we had just adjusted the rates the previous year anticipating an increase of some proportion, but not to the extent that it was.

I think the extent of the increase was far greater than anyone anticipated, and in the January of '68 we had increased our rates.

**Senator Everett:** I notice in your submission that you say you will likely become in the very near future a monthly publication instead of bi-monthly. You blame that on the postal rates. Is that a fact or could you indeed compensate for the rates?

**Mr. Homewood:** There are a number of factors. The postal rate increase is perhaps the principal one, as it is the largest block of money involved in our budget of major increase.

As of the 1st of April this year there will be an increase in paper costs, which has been announced, and this will cost us another \$9 to \$10,000 alone.

There are many factors here and the postal rate increase is the largest single factor in the rising costs.

**Dr. Forrest:** I could say quite candidly there would be no consideration of going monthly if it hadn't of been for the \$120,000 increase. By raising our subscriptions and holding our circulation we were in a position then where we could absorb these rising costs at a reasonable cost for some three or four years, at which time we could have put another subscription increase in without losing circulation.

It is that \$120,000 which we can't absorb. We either have to do something drastic like go monthly, or get a subsidy from the church, and for certain specific reasons I prefer not to be subsidized by anyone.

**Mr. Homewood:** I might add on this that we might conceivably come close to carrying the additional cost of postage if we had the benefit of the pound rate—if we didn't have the 2 cent minimum. That is if the postal rate increase might have gone—I am just quoting from memory here but it might have gone from \$30,000 to \$81,000 instead of \$150,000. With this amount of an increase, we likely could have covered, but with a 2 cent minimum per copy this is what really hit us hard.

**Senator Everett:** You say that you don't want to be subsidized by anyone. Is Ryerson self-sustaining?

**Dr. Forrest:** Yes, Ryerson has always made money until recently, and there is a sense in which that isn't quite correct. They always picked up our bills.

Now, they printed us and made some profit out of the printing, and that always seemed to me to be dignified. There was absolutely no suggestion, no interference whatever in editorial. It was quite clear. It is still clear with the church, but Ryerson is now unable to pay the deficit.

There is a new reorganization in our setup, and I would prefer not to be subsidized out of the givings of the people.

**Senator Everett:** On page 1 you refer to official, semi-official and independent religious publications, and you class yourself as semi-official.

If you were subsidized would you class yourself as official?

**Dr. Forrest:** No. I have confidence in our church that they would jealously guard the freedom of its editors and that would mean that, although I am an official of the church, what I say is not official.

**Senator Everett:** Who is picking up the tab for Ryerson now that you are losing money?

**Dr. Forrest:** Well, there is a reorganization going on and Ryerson has certain assets and nobody has picked up the tab.

**Mr. Homewood:** And they have an under-standing banker.

**Dr. Forrest:** Yes, and after all Ryerson Press is owned by the United Church, so if it doesn't come through this and become profitable again, the United Church—at the moment it is being carried by the bank and guaranteed by the church.

**Senator Everett:** How far ahead are your subscriptions negotiated on the average?

**Mr. Homewood:** Our renewal lapse time?

**Senator Everett:** At the moment they brought in the postal rate increase, how locked-in were you in terms of average time on your subscriptions before you could make any adjustments?

**Mr. Homewood:** Well, it varies because we have renewal dates all through the year but at the most about 18 months.

**Senator Everett:** And on the average?

**Mr. Homewood:** About 9 months on the average.

**Senator Everett:** So your decision then to reduce your publication frequency from bi-monthly to monthly is more on the size of the increase rather than the suddenness?

**Dr. Forrest:** Well, if we had more warning—and I don't think—I suppose you are right, the size, but the suddenness was very embarrassing to us as it made it impossible for us to make other alternative arrangements that we might have made over a period of 2 or 3 years.

**Mr. Homewood:** Unlike other magazines, we don't sell a larger number of three and five year subscriptions. Most of our subscriptions are for one year.

**Senator Everett:** You said at the top of page 3:

"Readers must not be manipulated even to support a good cause."

Why not?

**Dr. Forrest:** That is the eleventh commandment.

Well, I think basically just about the most important thing that an editor or writer or publisher can do is to come clean with his people, be honest. I think that that is a principle, whether it pays or not—and secondly, it doesn't pay.

Right, you sell cars—pardon me, Senator, I didn't mean to...

**The Chairman:** Well, I don't think Senator Everett would take anything that you say as...

**Senator Smith:** He hasn't sold any here yet!

**Dr. Forrest:** It is a matter of integrity.

**Senator Everett:** Well, is it the use of the term manipulation that you would be against? I assume the *Observer* does support causes?

**Dr. Forrest:** Yes, but let us put it this way. Say you are spending \$100,000 in a certain part of the world to do educational work and five thousand dollars of that is going to feed hungry children.

Now, your advertising campaign should be 95 per cent for the education and 5 per cent for the children. There is a tendency trying to raise the money for this to play up poor little children; for me to write a weekly editorial on feeding the poor little children.

Now, this is a fault of the church and I have been guilty. I have distorted the Arab situation, unintentionally, and sincerely tried to help by playing up the poor refugees through the years. Until you get into this country, you have an idea that every Palestinian is half-starved. Do you get my point?

**Senator Everett:** Yes.

**Dr. Forrest:** So you shouldn't play on the emotions of people. I don't mean to say that there isn't a place for emotions but before anything else, it is honesty and integrity in reporting the facts.

**Senator Everett:** On the top of page 5 you say:

"The increase reflected the revived interest in religion and rapid expansion in the United Church of Canada in the post-war period."

I was just reading this other brief from the Canadian Church Press—I may have misread it but I get the impression that the churches are in dire trouble.

**Dr. Forrest:** No, you get this from the mass media.

**The Chairman:** Well, in fairness to Senator Everett—I think you may get it from the mass media but I think you also get it from that brief.

**Dr. Forrest:** Well, the word "dire" is far too strong.

**The Chairman:** Well, Senator, would you like to quote the part?

**Senator Everett:** Well, I don't know whether I can find it.

**The Chairman:** Well, I was going to ask somewhat of a similar question.



**Dr. Forrest:** Well, if you follow statistics and if you study the statistics you will learn that church activity, membership and finance have had a very rapid rise and reached their peak in 1959 in attendance and membership. Probably a peak for all time on this continent.

It levelled off about '65 or '66 and now there is a decline. What it is going to be I don't know, but it does mean in areas where they are over-extended—That little crack about the mass media was probably unfair, but at Christmastime I noticed a picture of a downtown church in Toronto that was almost empty. The two churches I went to were packed.

Now, the membership has dropped a little bit, and our finances have dropped a little bit, but about a year ago in the United Church of Canada the givings had reached an all-time high, so it is not dire.

There has been a levelling-off and it may become very different.

**The Chairman:** Now, I have found the quotes that I wanted from the brief with regard to the decline in denominational memberships and revenue. That is on page 10 of the brief and on page 3 of the brief there is mention of the crisis of belief in the world.

**Dr. Forrest:** Well, I think there is a crisis of belief and there is a decline in membership but I don't think the churches are in dire straits.

**The Chairman:** Well, isn't a crisis of belief a dire situation?

**Dr. Forrest:** Well,...

**The Chairman:** Well, maybe it is just a play on words, and maybe I shouldn't do that, but I think Senator Everett's question is a fair one.

**Senator Everett:** Well, I don't make the point to discover an inconsistency. I run across this conflicting opinion all the time.

On one page it says that the world has never been more religious and on the next it says that the churches are falling apart...

**Dr. Forrest:** Well, I am a little defensive on this because I think that we tend to—in the church itself and the reporting on the churches we tend to be a bit sweeping.

I noticed a Canadian Press story on the General Commission on Union in Winnipeg

which reported that the Anglican and United Churches were coming together because they had such a problem with declining membership. This is just not the reason. This is not the reason that United and Anglican churches are coming together.

This decision was made when they were at their peak of prosperity.

Now, they are facing problems and this may become a pressing thing, but it is not the fact now.

**Senator Sparrow:** May I just comment from the *Presbyterian Record* of February in which there was an article which stated:

"It is no figment of the imagination, then, to suggest that there is a deepening crisis within the American church—a crisis of purpose."

In the P.S. Ross and Partners study, which you will be very familiar with in regards to the Presbyterian Church, it says:

"Among the laity there is a disturbing lack of involvement and sense of mission. The 'average' member and adherent, particularly in younger age groups, is not involved in church activities. Census statistics clearly indicate that Presbyterianism has not retained the allegiance of as large a proportion of the Canadian population in younger age groups as in older age groups. The church is not communicating with youth and young adults."

Would you agree with those findings in the church generally?

**Dr. Forrest:** I wouldn't make them as general as they are there. The census of statistics in 1961 showed something like this—that the Presbyterian Church had something like 7 per cent of the number of Canadians over 55 or 60, but only 3 point something per cent of the children, so the children are growing up.

Now, that was not the situation for the United Church and it was the very reverse for the Catholic Church. The census of statistics in '61 indicated what is now happening.

You see, you get areas of Toronto for example where the ethnic—the neighbourhood has completely changed and the United Church constituency has gone and the area is now solidly Catholic.

Now, to jump from there—that is just one illustration—to jump from the particular to

the general, I think there is a tendency for many of us—maybe in the pulpits more than in the press—but it would be in my judgment true to say that we reached a peak, we levelled off, and we are now in decline.

There is a crisis in faith, there are problems of communication and so on. I consider this a challenge and an opportunity. Maybe it is threatening but it is no disaster. I think it could have been predicted.

I would personally predict that this is going to keep on for some time. For example, in the religious press, as was pointed out this morning, *Presbyterian Life* dropped from 1,200,000 to 800,000. We are bucking a trend all over the continent with the *Observer* and our circulation. I hope to buck it successfully, but it is almost eerie because you will find the same thing happening in California and in Ontario.

**The Chairman:** Dr. Forrest, could we put this thing into perspective this way:

You say in your brief at page 8, number 20...

"There is no doubt that there is a great, possibly increasing, public interest in religious matters in North America."

Is it not possible for me to agree with that statement as I do while at the same time observing that the formal structure of the church has all kinds of problems?

**Dr. Forrest:** Yes, I think that is the thing that needs to be said. The institution is threatened. The youngsters have left the senior departments of Sunday school and they are crowding into the courses in the universities. I don't know quite what it means, but I think what you have said is correct.

**The Chairman:** It seems to me—we have the underground press coming here next Tuesday I think, and it may be a strange thing to say but maybe in some ways some of these things in the underground press may have something in common with religious publications, although neither group I am sure would admit it.

**Dr. Forrest:** Well, I think they could edify us. Yes, I would admit it. I think we could probably learn more from them than from our elders.

**Senator Everett:** In your points on the shortcomings of the mass media reporting on religious subjects, would you feel that the mass media are doing their job if you lost your constituency to them?

**Dr. Forrest:** Yes, probably. I think this might be.

**Senator Everett:** Do you then only fill a need because they are not filling it? This is the sort of thing we have heard from the underground press—the only reason the underground press exists is because the mass media are failing in their job.

**Dr. Forrest:** You know, I have been rough on the mass media, but at the same time I must say—I think I have said it here—that I have lived in other parts of the world and travelled enough and I have great admiration and respect for the good professional journalists and the good papers in this country.

Yes, at the moment I can say to people, you can't get all your religion from the mass media. You need to read my paper as well. It probably would be a good thing for the world and for Christians if we were made superfluous.

**Senator Everett:** It would be?

**Dr. Forrest:** I have never been asked this question before...

**Mr. Homewood:** Or it may be that the role of the church press would be vastly different than it is now.

**Senator Everett:** Well, there is quite a difference between the two viewpoints, isn't there?

**Mr. Homewood:** Yes.

**Senator Sparrow:** You weren't suggesting that their publications were underground press?

**Dr. Forrest:** No. There probably would be still a role for the parent pump which we try to stay away from. In other words, the men's club met at the lake last weekend, type of thing. We have neglected that role and tried to be more general and more secular.

**Senator Everett:** There is just one statement which fascinates me here, on page 12, item 37:

"We rely on clergy, and generally those who have something to say don't know how to say it, and those with nothing to say say it well."

I don't know how long you are going to be editor of this magazine. I think it is a fascinating statement for you to make. Is this a general condemnation of the United Church?

**Dr. Forrest:** No, but I know so many professors of great insight and great understanding and among them are close friends, and you get them on a panel on the CBC or writing a piece for me, and I really don't know what they are saying.

Then, there are the glib people who are good communicators—they are my friends too. I think we need them, but I think we have all heard and seen this—the learned preacher where the people go to sleep and the superficial preacher where they are entertained.

**Senator Everett:** You say on page 13, item 41:

"Editors and publishers are convinced, I believe, that religion sells papers."

That seems to run counter to everything you have said up to that point.

**Dr. Forrest:** Well, I am sorry if I did because I do believe that there is a tremendous interest in religion. Maybe not so much in the institution or the activity or how much the church costs, but in the meat and potatoes of the religious faith and the great problem for all of us is to be able to communicate in simple understandable language the profundities of the thing.

I think you were saying this, Senator Davey, that there was a great interest in religion in these times...

**The Chairman:** Yes.

**Dr. Forrest:** To meet this interest helpfully and positively—well, that is a great job, and we are trying to do it and it is not easy.

**Senator Everett:** Well, you say that the press are doing it but not doing it properly; is that correct?

**Dr. Forrest:** Well, I think some are doing it excellently, but I mention there in that same section—well, I mentioned some names, somebody like Grattan O'Leary, and the late B. K. Sandwell.

There was a time when you could go into an editor's office in this country or read his editorials and you realized that this man knew his theology. I don't know too many like that now.

Claude Ryan is one. I think he is the best example that I know of and there may be others or other humbler men in the smaller places who are doing this. But generally

speaking an educated layman doesn't pride himself in this generation in being an informed theologian.

**Senator Everett:** But you make the point that religion sells newspapers and publishers and editors understand that. Does the *Observer*-type religion sell newspapers?

**Dr. Forrest:** It sells the *Observer*.

**Senator Everett:** Well, do the publishers and editors believe in the *Observer*-type, or is it a different type that sells newspapers?

**Dr. Forrest:** No, I would really like to have you answer that rather than me answer that. I guess I just don't know. This is what I keep trying all the time to give that which is helpful and informative and also give it in such a way that they want to pick it up at the coffee table and read it.

I would rather reach the person on the fringe of the congregation than the minister and the leading elders.

**Senator Everett:** Well, the point I couldn't understand is this. If the publisher believes that religion sells his newspaper, why is he guilty in your mind of doing such a biased job?

**Dr. Forrest:** I don't know.

**Senator Sparrow:** You refer again that there is no doubt that there is a great increase in public interest in religious matters in North America. What is creating this interest then? Is it communications—the television mass media?

Isn't Senator Everett's question what is increasing the interest, and you are answering to a question what is the increasing interest. Is it criticism of church beliefs—that type of interest, or is it a deeper faith in people, or what are the reasons for it?

**Dr. Forrest:** It was a post-war phenomenon that was not predicted. I remember reading that there would never be another Billy Sunday, people would never turn to that type of thing again, and then Billy Graham came along.

It was predicted that people who turned to prayer during the war in their fear would desert the churches after the war—it went the other way.

I was surprised, and I don't know if I have ever read any good analysis of what hap-



pened. I dare say it is the sort of thing that historians will deal with with more competence.

I always felt it was an interest in religion and in the faith more than in the institution. It was reflected in the tremendous growth of the churches in the suburban communities, and often it was the young person out of the war, with his first home and this sort of thing, who wanted this for his children perhaps more than for himself.

There was a general acceptance that religion was a good thing for people. It stood for the best and many sociological as well as religious things contributed to this post-war religious boom.

We are over it. What is going to happen, I don't know.

**Senator Sparrow:** Well, in other words, you are not giving credit to the media?

**Dr. Forrest:** Well, McLuhan probably has more intelligent things to say on it than I do. I don't know. The radio may have and later T.V., but it was reflected first in the sharp increase in church attendance followed by a rapid growth church circulation of church periodicals and for many years—I remember discussing this with a *New York Times* book editor once, and he pointed out that for 10 years there had been a religious book at the top of the top 10 in their list.

At that particular time there wasn't one and I asked him why and he said he didn't think it meant anything—that there hadn't been any good religious books published in recent months.

I am more of a reporter than an analyst at this point.

**Senator Everett:** What do you mean at the top of page 2 by editorial and prophetic freedom?

**Dr. Forrest:** Well, that is a word we use when we don't want anybody to interfere and tell us what we think.

I suppose the old congregational church had a phrase "The freedom to prophesize" and it didn't mean the freedom to predict. It was the right of a man to say we think this is wrong, or this is right, this is good or this is bad, and he was left to say it.

I guess it is almost a cliché with us, but it means—well, I think it would be true with

the editor of the *Globe and Mail* or the *Star* as well to pronounce on issues in the sense of this is right or this is wrong in our opinion.

**Senator Everett:** Well, really then it does not have a great deal more importance in your mind than the term editorial freedom?

**Dr. Forrest:** Yes, I will accept that. It is a religious thing. When Ray Horde, as a man with his collar on, secretary of our church, said against unpopular public opinion in this country Vietnam is wrong, most of us thought Ray Horde was wrong. However, because the church gave him prophetic freedom, his right to say that was not to be interfered with.

Now, that is a little bit more than editorial freedom.

**Senator Everett:** Are you the only religious paper that is a member of the Magazine Advertising Bureau?

**Mr. Homewood:** Yes, that's right.

**Senator Everett:** As I understand it, you have an ABC rating?

**Mr. Homewood:** Correct.

**Senator Everett:** Which means that 70 per cent of your circulation is paid?

**Mr. Homewood:** 99 per cent of it is paid.

**Senator Everett:** 99 per cent?

**Mr. Homewood:** It is all paid circulation.

**Senator Everett:** Has the Magazine Advertising Bureau been good to you, and if so, what has it done?

**Mr. Homewood:** Yes. There are two principal reasons why we belong to the Magazine Advertising Bureau.

**The Chairman:** How long have you belonged to it?

**Mr. Homewood:** Since incorporation which I believe is about three years. We were with the charter group of magazines that formed the association as it is now constituted, but principally we felt that our potential for selling national advertising is in direct proportion to the extent to which we are accepted as a consumer magazine, and so this is one of the reasons that we want to be identified as a consumer magazine.

Our readers are consumers.

Secondly, we feel it is important to support and maintain the existence of the magazine industry as represented by the Magazine Advertising Bureau, to give corporate strength to the industry and to the counter-groups selling in a very competitive field.

We have competing against us in selling advertising the efforts of the T.V. Bureau for television, the *Magnamedia* for weekend supplements, the CDNPA for the daily newspapers, the Radio Bureau and various associations for radio. This gives us a counter-selling group for the magazine industry, of which we want to be a part in the consumer field.

A by-product of this is the value of research to us that the Magazine Advertising Bureau carries on. Being a small publication financially, we could not attempt to do parallel research on readership audiences etc. That is being done and has been done continuously by the Magazine Advertising Bureau from which we benefit.

We do have instances of direct sales results from our contacts through the Magazine Advertising Bureau.

**The Chairman:** What would be some of the accounts that the Magazine Advertising Bureau has attracted for you?

**Mr. Homewood:** I don't have a list of all these. However I know that one account, the Canadian subsidiary of a cosmetic firm that we sold last year on a trip to New York with the Magazine Advertising Bureau, placed ads and the sale to that particular company covered our fees for the entire year to the Magazine Advertising Bureau.

**The Chairman:** Is it realistic to think that *the Observer* can attract a great deal of national advertising?

**Mr. Homewood:** It is realistic to hope but I don't know whether it is realistic to achieve it. We have peculiar problems that the other consumer magazines don't have in selling advertising, some of which we mentioned this morning. The reluctance on the part of agencies and advertising people to identify to the religious press, to use the same criteria buying religious press as they do in other media.

**The Chairman:** Mr. Homewood, does the *Observer* carry more national advertising than any other religious publication?

**Mr. Homewood:** I think this would be true, but perhaps the *Canadian Churchman* might

be close to us, but I think *The Observer* would carry more national advertising than most other religious publications.

**The Chairman:** Senator Kinnear?

**Senator Kinnear:** On page 3, Dr. Forrest, you say the following:

"The news must not be managed to make it acceptable to the reader or comforting to the establishment."

I am willing to accept that after having heard you.

Over here on page 7, item 14, you say:

"Readers do exercise considerable influence on the editors, as to what kind of ads are legitimate for a church publication."

Now, are you softening a little there?

**Dr. Forrest:** No. The first dealt with articles and editorials and the second is advertising.

I must say that I think you probably caught me out there. If I were re-writing this I would word that slightly differently, but what I have found is that our readers take our ads very seriously.

**Senator Kinnear:** What I wanted to ask was if you put in what you wanted to put in, your readers might not like it and you might lose some of your subscribers?

**Dr. Forrest:** Well, if somebody is going to try and cancel their subscription we are not going to hinge on that.

On this subject of patent medicines which came up here today—if I found that our readers found that some of the stuff was offensive, I would send a note I think to the advertising manager.

But another more specific thing I spoke of was the gimmicks. Advertisers who have used something say clip coupon, or your church group—collect coupons to raise money for the Lord. Now, this is offensive to a few of our church people who say this isn't good stewardship.

If they can convince me that this is wrong, that we are defeating our purpose by carrying this sort of ad, I will drop the ad.

If somebody from the establishment came in and said he didn't like it, I am more likely to be difficult.

**Senator Sparrow:** What do you call the establishment?

**Dr. Forrest:** Oh, my close friends or my brethren around the building or Dr. McClure, the moderator.

Now, I must say that he would be the last person on earth to ever tell the editor what to do. I mentioned somewhere that one's friends are more difficult than one's enemies in editing a church newspaper, because they have their work to do and it means a great deal to them, and maybe they feel that what you do makes their work more difficult.

So they are your friends and you have lunch and they say couldn't you lay off that. This is the temptation.

Where there are two principles that clash; you see theirs and they see yours; you still have to do your thing.

**Senator Sparrow:** Well, that is a very narrow establishment then that you are referring to.

**The Chairman:** You are talking about a church establishment?

**Dr. Forrest:** Yes. You see, maybe you should have pushed me on this. You see, I wear two hats. I am the secretary of the church. There are times when I am privy to information which I don't publish. I hope you don't press me on this but I am aware of this. It is a thing which you inherit and you have to be an editor, that is a loyal opposition, and then you go over here to a meeting and you are meeting with your brethren and you are right there in government.

**Senator Sparrow:** Have you tried and would there be value in having *The Observer* distributed on newsstands?

**Dr. Forrest:** We have tried and I think its chief value would not be economic. It would probably be costly and I think its chief value would be the effect it would have on the editors. Especially when an issue didn't sell.

If it didn't sell on the newsstand we would probably look at it again because it would probably mean that it didn't get picked up off the coffee table.

We have tried once through Curtis, which I think is one of the leading ones in the country that handle *Maclean's* and some others, and the management were ready to do a pretty thorough experiment on this and we

were ready to budget for it but the scheme was turned down in their Chicago meeting.

I recently approached Curtis again for another possible experiment on this, to test it, at certain choice spots—as a matter of fact it is before the new manager at the moment, but he said the decision would have to be made in New York.

**Senator Sparrow:** Why would it be turned down?

**Dr. Forrest:** I suppose in their judgment it would not be a profitable undertaking and maybe we should be grateful that it was turned down because we might have found if we put 100 copies in the Lord Elgin Hotel and they only bought 2—this would be good for us to know but sad for us to learn.

I would assume they turned it down simply on the basis in their judgment it would not make money.

**Mr. Homewood:** Also on this we get the same argument we get from advertisers—if we put *The Observer* on the newsstand we have to put all the others on the newsstand.

**Dr. Forrest:** We were dropped from one private newsstand where we were doing fairly well because certain other religious publications went to management and said they should be there too.

**Senator Smith:** What does it cost to put *The Observer* on the newsstand if Curtis or some other company were willing to look after you?

**Mr. Homewood:** I have forgotten.

**Senator Smith:** We probably have the information somewhere.

**The Chairman:** I think we do.

**Dr. Forrest:** I have it in my files but I have forgotten. Certainly it wasn't something that we were undertaking from the point of view of making money.

**Senator Smith:** Why would that decision have to be made in another country?

**Dr. Forrest:** Because it was an American company that was doing the work in Canada and their head office was there.

**Senator Quart:** I have a little question here which confused me a little bit when I opened your brief. Unfortunately, I had to attend other meetings and wasn't able to be here and maybe you have addressed this already.



You answered Senator Kinnear on her point on page 7 as to what kind of ads are legitimate for a church publication. When I first opened this brief, I opened it at page 6 and this last sentence caught my attention.

**The Chairman:** Well, Senator Quart, before you go on, we have discussed the mink coats and Cadillacs.

**Senator Everett:** You and I are in agreement, Senator Quart!

**The Chairman:** Why don't you say one more thing about mink coats and Cadillacs Dr. Forrest, for Senator Quart.

**Dr. Forrest:** Well, the paper with its emphasis on feeding the world's hungry and this sort of thing discourages its readers from buying luxury items.

**Senator Quart:** Well, supposing they are old, what are you going to do—throw them out?

**Senator Beaubien:** The readers or the coats!

**Senator Quart:** I am sorry.

**The Chairman:** Well, as interesting as this session has been, I am afraid we must close it, but I would like to say...

**Senator McElman:** Could we have one comment from Dr. Forrest on the proposition put forward this morning about one strong church publication.

**Dr. Forrest:** Well, I would like it but I would have to confess this, however—I don't like to confess this about the church, but this would be true at the moment—there is a substantial denominational loyalty from which we benefit in our circulation which would be lost in a united publication.

I think Canada and the church community would be served better if we could have a publication in which there were Catholic, Protestant etc., where we united together and turn out a public circulation of 800,000 or a million.

But I am aware, or at least I suspect, that we would more likely end up with a circulation of a few tens of thousands at this point in our history.

The first move you are going to see—this I would expect, would be the *Churchman* and the *Observer* go together. We have already

made certain steps toward this, but we are holding off because we were advised frankly by people who oppose church union. They said 'you are making a great big tool to overwhelm us with your ideas of church union, and we don't want the opposition to church union to ever feel that they got pushed'. So that will be delayed for some time at least.

The editor of the *Churchman* who is still here, I think he will nod agreement with what I am saying.

**The Chairman:** I am going to exercise my prerogative and ask the last question. I don't often do this, Dr. Forrest, but I would like to ask you about the coverage of religion by the mass media generally.

You say in section 24:

"If a young reporter does well on the religion assignment he is likely to be promoted to better things."

You say then in section 40:

"I suppose it is true to say that in English-speaking Canada, the most influential commentators on religion are Pierre Berton, Charles Templeton and Gordon Sinclair. They are respected friends of mine; much of their contribution has been valuable; they speak as unbelieving critics, and while atheism certainly does not disqualify a man from making profound and helpful comments on religion, it would be helpful if the media produced more men of equal competence in communication but greater profundity of understanding."

How can that be achieved?

**Dr. Forrest:** Well, let me tell the editors and publishers how to do it. I really think it would be helpful if on the big dailies particularly, instead of the cub reporter coming on and given religion until he knows he has some talent as does happen—that it be one of the best paid jobs on the paper—how you do this I don't know, but I would like to see the best men becoming experts in this area and writing on it in the church paper. It makes it tougher for us in our field to have that sort of thing.

That is one little practical thing. Train them better, pay them better, give them bigger offices, and keep them on the job longer.

**The Chairman:** Well, on behalf of the Committee, I would certainly like to thank you both.

Mr. Homewood, you have been a very patient fellow. This is the second time we have had you here and we are particularly grateful and thank you for your many helpful and useful comments.

Dr. Forrest, as well as being a useful witness may I say that you have been a most engaging witness. We are grateful for your contribution; this will be valuable information for us I am sure. Thank you so very much.

May I say to the Senators, I would like to have a 5 minute adjournment and I would like to reconvene quite literally in 5 minutes when our witness will be Mr. Dalton Camp.

*(Short recess)*

**The Chairman:** Honourable Senators, if I may call this session back to order. The witness is perhaps someone, of whom it can honestly be said before this particular audience, that really needs no introduction and so really there won't be any introduction.

I would simply say to you Mr. Camp, this is a change of pace. We have been dealing since 10 o'clock this morning with the church press, with all its ramifications and manifestations and very often it was difficult as Chairman, because I found the questioning straying a little bit from the mass media and getting into pure theology.

I am hopeful that this session might not get into pure politics. However if it does I am sure it will be most interesting.

I, as Chairman of the Committee was most anxious to have Mr. Camp appear before us. As you know, we have invited a series of nationally known communicators and I certainly think he qualifies by those terms. I think regrettably there aren't enough nationally known communicators in Canada. So with that introduction I will simply say welcome. As your brief, which was not requested three weeks in advance, arrived only today, I am afraid the Senators have not had a chance to read it. I would suggest, Mr. Camp, that perhaps you read it now. Then following that we would like to ask you some questions on it and perhaps on other things as well.

**Senator Sparrow:** Are there copies for distribution now?

**The Chairman:** I don't think there are.

**Mr. Spears:** No, there are not, I am sorry.

**Mr. Dalton K. Camp:** I was always told never to begin with an apology but I will begin with an apology.

For the first time in my life, I left my brief case in Toronto Airport this morning so I will try and skim this as much as I can. I have given it a misleading headline "Another Way of Looking at it", and amended that to read "There Has to Be Another Way of Looking at It." In terms, you know, of such a subjective and personal appraisal of the media.

First of all I would like to say by way of an opening that I think the Committee has served a purpose by providing a forum and focus for critical analysis of Canadian news media.

At the same time, as a result of many of the things that have been said and raised here, it could have created in the country an awareness in the media itself as to the great concern there is among the general public right now, more than ever I would say about the media. A public concern for reasonable and accurate objectivity and fair comment.

It is also possible to believe that as a result of this the relations between the public, journalists and management may ultimately be improved. But anyway, I think it would be unwise not to recognize in North America if not elsewhere the subtly growing adversary relationship between the critical public and the news media.

However, it is also possible to exaggerate, to the point of sanctimony, the degree to which a newspaper holds a public responsibility, or indeed a responsibility of any other kind, to satisfy the standards of a group, even as esteemed as this one, or indeed any other group, as to its performance, although I would like to make a distinction between the print media and the broadcast media in that context.

A daily newspaper is, as it has always been in a free society, a privately-owned property in which the owner or owners have historically possessed an unquestioned right to operate it at a profit, or, if they will, even at a loss. A daily newspaper, as a result, or a natural consequence has always been, and will continue to be, an expression of reportorial caprice, presumption, opinion, bias, misinformation, high editorial winds, and news, most of which is bad.

Notwithstanding, there is no product in our society which provides so much to the

individual citizen for a dime. I wrote this before readin the *Globe and Mail* this morning. Indeed, at today's prices, a newspaper is better value than anything, short of remedial medicine, and it is even cheaper than fresh air.

The genesis of most complaints against newspapers is in the historic mythology which attributes responsibility to the press for which there is no historic example, such as the responsibility to be fair, or objective of factual. A daily newspaper reflects only a hundred or more subjective judgments. I don't know where the phrase came from here, whether I read it or what. However I think it was a story talking about 50,000 men going into the battle and 50,000 different views as to what happened in the battle. Its opinions as expressed in its editorial pages and feature columns, all this is taken together. In view of this subjective commentary, it has always been astonishing to me that the public and politicians have such a touching faith in the effectiveness of the news media. It is an example of the degree to which the illusory power of the printed word leads to unshakable faith.

Most editorial opinion, in the North American press (with the distinguished exception of the press of French Canada), is unsigned. The conventional justification is that the editorial is the centrifuged product of the opinions of the editorial board and not the product of an individual judgment, or that the editorial reflects the view of the publisher, or owner, which, regardless of who writes it, is invariably true.

The fact remains, however, that an editorial written on Biafra, for example, has most likely been ghosted by someone who almost certainly never has been there, and knows nothing—or may know nothing or next to nothing about it—where it is or whose knowledge of the issues might not bear examination.

It has been said before by others, of far greater prominence than I, that you would not trust some publishers and editorial writers as babysitters, much less as authorities on the Middle East, strategic arms limitation talks, or the motivations of American foreign policy.

It is nevertheless difficult, and it is the source of a good deal of the anxiety and complaining to dislodge from the public mind the superstition that newspaper editorials are

created by prescient minds of limitless intellectual grasp and expertise.

There are some I think general observations to be made about newspapers, which struck me as a faithful reader for many years, which lead me to the essence of my conclusion about newspapers.

I do not understand why newspapers don't sign their editorials. They zealously identify the opinions and actions of others in their pages to inform their readers more precisely as to the validity of the opinion.

For example, a critic of the tax policy is always recorded as "a stockbroker" or a critic of the Department of Consumer Affairs is "an advertising executive," or a critic of the management of the post office is merely "a housewife".

Newspapers have a passion for this, being convinced that the relevance of what is said or done is overwhelmingly enhanced by parenthetical descriptions of who said or did it. In the result, there is sometimes artificial coloration and latent innuendo, which allow a number of ad hominem editorial asides.

In the 1962 federal election campaign—the Senator may remember this—in an entirely accidental circumstance, an automobile and a child riding on a bicycle collided. No critical injury or damage resulted, no blame was assessed to the driver, and no charge was laid.

The headline as I read it in the *Toronto Star*, read "Tory Candidate's Car Strikes Liberal Worker's Child." The driver of the car was Mr. John Bassett and the child on the bicycle was the daughter of a Liberal campaign worker. This profoundly convoluted version of the "dog-bites-man" school of journalism offers example of the swift judgments readers are obliged to make as their eyes roam the pages of their newspapers, and the degree to which headlines serve not only to synthesize events, as to story leads, to a point of danger, but they may also suggest hypotheses which are irrelevant.

I think if the newspapers were as zealous in providing the bonafides to the authors and their editorials, for example, and their opinions there could be any of two possible results.

One would be that the editorials would be better assessed as to their true value and the other one might be that the public minds



today might be better able to make a judgment which was valuable and less impressed and even less suspicious.

Now, there are a few other examples in this area that I have mentioned which do lead me to make a point. Maybe I will read just one.

Those who deal with the press in their public roles, as politicians or as members of their staff, struggle to determine in the phrase of nuclear strategists, "the maximum acceptable damage" they can endure when they are victimized by sometimes errant and other times malicious reporting.

What redress, or retaliatory capacity can public figures be allowed when, for example, something happens like this.

I am going to read a Canadian Press dispatch dated May 17, 1962, published throughout the country during a federal election campaign:

"By the time Diefenbaker's caravan neared Halifax, it had grown to eighty from ten cars. A truck carrying cables passed 79 cars and tailgated the Prime Minister's car before RCMP cut it out of the procession and arrested the driver, who was in military uniform. Any charge to be laid would be placed today the RCMP said.

"A party official travelling with Mr. Diefenbaker said he was worried by the closeness of the truck. He said the Prime Minister was unaware of the incident."

An alert reader might wonder at the overview of a reporter who could see, from whatever unique vantage, "a truck passing 79 cars" but, as a result, the Canadian Press story triggered at least one editorial, which appeared in the *Charlottetown Guardian* the following day, May 18:

"...Will the haughty be humbled and brought low on June 18th?...And what about the truck near Halifax which caught up with the motorcade and passed all the cars except Mr. Diefenbaker's? It rode close behind the Prime Minister until a RCMP car cut it out. Two constables pulled the driver from the truck and arrested him.

"But was that the right thing to do? This driver may have been no mortal at all but none other than Nemesis who, in Greek mythology, personifies divine retribution. Sometimes the Nemesis is repre-

sented as winged and with the wheel of fortune; or born in a chariot of griffins. But she could very well be driving a truck these days disguised as a man.

"Her special function is to see that no one becomes too fortunate or too much uplifted by his prosperity. "This could bode ill for Mr. Diefenbaker's prospects but it is a theory only."

However, while the Canadian Press story found its way across the country, on the back page of the *Halifax Mail-Star*, which is the afternoon Halifax paper, this story appeared:

"A truck driven in a peculiar manner followed right behind Prime Minister Diefenbaker's car in Fairview—noted police. The truck was stopped; the driver was arrested. He was identified as Canadian Army Private So and So. This morning he appeared in Magistrate's Court on an impaired driving charge. He pleaded guilty to the offense.. "

In a more recent example, a report in the *Globe and Mail* of the resignation of a Provincial Cabinet Minister, whom I shall describe as Mr. Blank:

Mr. Blank's departure comes as no surprise to his cabinet colleagues. Informed sources said the Minister requested to be relieved of his responsibilities 10 days to two weeks ago.

"He took a month off, then returned to his duties. Cabinet sources say Mr. Blank had not had a drink since last February 7."

These are not, obviously, unique examples, and in some other opinions they may not even be good ones. But it is the sort of example which many have in their minds when they consider the suggested antidote, a press council.

I would hope the press of Canada will consider this forum as only a sounding board which might produce some evidence as to whether or not, in the self-interest of the press, such an instrument as a press council might be useful.

The laws of libel do protect the private citizen against outrageous attack upon his reputation, personal or professional. Indeed, in our society, the only man who may libel individuals at will is the politician, using the instrument of parliamentary privilege.

The evidence suggests, to me, at least, that a body such as this might consider, in this

day and age, the wisdom of allowing politicians this peculiar immunity against the laws of libel.

Perhaps it has become an anachronism. But, so far as the press is concerned, at least to me, there has been some evidence that the law of libel is sometimes a greater inhibition to the press than the public interest might warrant.

I am not suggesting any reforms in the law of libel. What I am suggesting or saying is I would fear that a press council could be another inhibition which would further clutter the judgment of editors and reporters as to the propriety of news and comment.

If there were to be a press council, it must surely be a voluntary undertaking by the press itself. As such, it is difficult to determine which of the two most likely results it would produce—that of being overzealous in its duties, or of being indifferent to them.

I think we tend to examine the problem of print media from the wrong end. I do not believe newspapers need reminding of their responsibilities, as they might be defined, but I do believe that the consumer needs instruction in how to read them.

Surely this is becoming an increasingly apparent need in regards to all the news media: there needs to be a considerably greater public awareness, understanding and scepticism in the common interest of both public and media.

In a society in which children are taught to tie their shoes, wash their hands, look both ways before crossing the streets, and not to touch hot stoves, it is at least as important that they be taught more about the means by which they will acquire information and form opinions which, to a substantial degree, will shape their lives.

Instead, the educational system tends to romanticize the communications media, as the media itself tends to propagandize the young. They come from the school system admiring the technology, awed by the technology, and accepting its product.

One notices, at the university level, young people who have an almost total dependency on the media, yet who suspect much of the information it offers. But it is not suspicion we ought to be producing, but intelligent understanding and a reasonable scepticism.

The harshest critics of the news media are the working journalists themselves. Apart from very realistic complaints as to the salary limits of their occupation, they too complain of the lack of professionalism, of the chronic shortages of news staff on urban dailies; of the growing isolation of their editors from the reality of the news environment; of the unfair working agreements they are obliged to accept which limit their scope and the practice of their craft; of the expanding content of the daily press which is U.S. produced and U.S. oriented; of the lack of lead-time given them to produce meaningful reporting; of the discernible distinctions in professional pride, and in simple competence, between practicing journalists who love their craft and many of their contemporaries who see it only as a way-station to higher incomes in public relations, or higher status as government propagandists.

It is easier to see the Dalai Lama than it is for some reporters to see their own editors, (much less editors to be seen by the public) and this estrangement between the working level and management adds to the problems of working newsmen.

When it is recognized that at least one Toronto daily newspaper has today the same number of reporters in its newsroom as it employed ten years ago, one recognizes the increasing difficulties in covering the news, much less finding and interpreting it.

This is not to say that there are not editors of awesome competence and of high professional standard, nor competent reporters to serve them. As a commercial insert, I think it could be said, if anyone were to stop and think about it that no press in the world serves its readers as well considering the size of our country and the population and so faithfully.

What it all comes down to is the fact that the newspaper serves a very special role in Canada. It has been sheltered I think in Parliament from takeover or alien influence; it is the only media in Canada which is judged by its consumers in purely Canadian terms, in that the criteria of a good newspaper is judged by Canadian standards or by Canadian criteria. For other media, the criteria are international, or continental.

There has been a tendency, at least until the advent of competitive news media, for the press to be smug, intolerant of criticism, resentful of private complaint to the point of sanctimony. Perhaps that day is past. The



press needs critics, as does any institution of society, not to threaten its freedom but to serve as someone said, as "the eel at the bottom of a fish barrel: to keep them all awake."

As a Maritimer, I have been interested in the Committee's close examination of media in New Brunswick. For a time, I suspected that the Committee might not have any other purpose.

The daily newspapers of New Brunswick have improved more in the past 10 years than the press from any other comparable region. The *Daily Gleaner*, prior to its purchase by Brigadier Wardell, was an outrage to journalism. It was probably the only newspaper in Canada in which the disinterest of the publisher was fully matched by the boredom of its readers.

After Mr. Wardell assumed responsibility for the *Gleaner*, it began to acquire a resemblance to a daily newspaper. It manifested a lively interest in the community, embarked on a number of editorial crusades reflecting the special interests of the province and the Atlantic area. If its opinions were often stringent, not to say asserted, at least they were opinions and as such invoked community interest, involvement, discussion and debate.

Fredericton had never known a newspaper like it or, more properly, Fredericton had never known what a newspaper was like. The *Gleaner* became a reasonable facsimile.

Like his former employer, Lord Beaverbrook, Mr. Wardell believes in personal journalism, and in the inalienable right of newspaper owners to use their papers to advance their personal interests and views.

Some of Mr. Wardell's views are constant—a nostalgic fondness for the British connection, Maritime Rights, and New Brunswick potatoes, for example—and none of these are likely to be alien to the opinions of the majority of his readers.

Other of Mr. Wardell's opinions are less fixed and the basis for them more difficult to fathom, and perhaps more controversial. It has been said that one could determine the editorial policy of the *Daily Gleaner* in many areas of dispute by taking a slow walk through the printing plant.

There is, of course, a familiar question of the chicken and the egg—whether it was, for example, the Conservative Government's

orders for expensive travel brochures in the printing plant which were the eggs that hatched the editorial chickens in the *Gleaner* supporting the Government. Perhaps it was the other way round. But we do know that when the Government was defeated, much against the *Gleaner's* advice, the printing orders ceased to flow while the editorial criticism against the Robichaud Government escalated to astonishing heights.

Even so, I must argue, the *Daily Gleaner* is, or has been, Mr. Wardell's to do with as he sees fit, which means he may keep it, sell it, raffle it off, or raze it to the ground. This is precisely what I take to mean "a free press" in that it has the singular right to exist subject to the sufferance of its subscribers, advertisers and bankers, and to be as serviceable in the community as its publisher would interpret such a duty, subject to the cavil of a body such as this Committee, the complaints of others, and the degree to which these might bear influence.

Newspapers, least of all among our institutions, can be measured against perfection. What the critics of Mr. Wardell's version of the *Daily Gleaner* have forgotten, or never knew, was the deplorable quality of its predecessor. In short, while the *Daily Gleaner* could, by the judgment of some, become a "better" newspaper, it used to be, by any judgment, a good deal worse.

The worst that could happen to the *Gleaner* would be that it revert to its former self, and the next worse that it would be sold off to one of the chains where, one would fear, the crusading zeal of its publisher would be replaced by the ordered passions of a bookkeeper. Should the *Gleaner* become a part of the newspaper empire of Mr. K. C. Irving, if it is not already, it would at least retain its New Brunswick essence. It might also be liberated from Mr. Wardell's concern—the obsessive financial demands imposed upon him which have so closely bound the *Gleaner* in some instances, I believe, to his printing enterprise.

Even so, the *Gleaner* is not the only publication in Canada, nor Mr. Wardell the only proprietor, who must bear the burden of considering the consequences for better or ill, of his paper's policy where, in the world of politics and journalism, vengeance and retaliation are no strangers.

The *Telegraph-Journal* does provide in New Brunswick the most complete coverage of



provincial news, as such, and its coverage of provincial politics is measurably greater—and better—than it has ever been.

Senator McElman will recall the newspaper's editorials of past years, of unsurpassed vacuity. It is now possible to read editorial opinion in the *Telegraph-Journal*, sometimes vigorously stated and unmistakably declaratory.

There were many who deplored the Irving Press for its lack of opinion, once it began to express some, and there were many who found its opinion not merely hostile but monopolistic. This is the case with medical schools or television stations. The criteria for a good daily newspaper is not simply the need for one, but the economics of providing one.

Newspapers to be economic, not to say efficient, today seem to need to co-exist with other enterprises, or as part of a media complex, or as a member of a chain. They rarely exist in themselves, and their owners are seldom paupers. If horse racing be the sport of kings, publishing has become the sport of tycoons.

The presence of a newspaper monopoly in New Brunswick, at least in the English-language market, is held by some to be sinister. I suspect this concern is excessive. It is remarkable to find, anywhere on this continent, much less in New Brunswick, a population of 620,000 people serviced by six newspapers. New Brunswick may have perhaps more daily newspapers per capita than any state or province on the continent, other than an obvious exception, Prince Edward Island. The economics apparently allow for it, and perhaps it is only the monopoly which perpetuates it.

It should not be held that monopolistic growth in newspaper ownership is less hazardous to the public health if it is very thinly spread. If men are allowed to own more than one newspaper, they must be allowed to own them wherever they wish to acquire them. As to their reasons and purposes for doing so, we can only mark the growing affinity between newsprint, oil, money and monopoly and accept the constant possibility of a conflict of interest between the publisher and those of the public as a natural phenomenon.

Criticisms of Mr. Irving's monopoly are late in coming and some may say better late than never. However, curiously when his newspapers had no opinions he had no vocal detractors

and now that he has opinions he is a monopolist and a pollutant.

Mr. Irving achieved his media dominance in New Brunswick through a combination of his own initiative and in cooperation with the Government of Canada and its agencies. As regards the latter, the public interest was present and presumably considered. Thus, the Government of Canada has been either an accomplice or accessory.

It is worthy to note here that the two provinces of Canada, New Brunswick and Newfoundland, in the greatest need of national broadcast media such as the CBC, were the last to get it and the reasons for it may intrigue this Committee as much as they have others.

Most important in all this, is that no one should create the impression—it would be unwise I think to create the impression—that there is a challenge to the right of a free press as a private property. For Government to abuse it, or muster public opinion against it, or subsidize any competing interest would be, in my view, a dangerous and insupportable regression.

I know the argument about freedom of the press and a free society but there is no example where there is a free press and not a free society. Where there is a free society, there is a free press. In a free society, the free press is the creation of the free society. It is not the other way round.

A few words about magazines. I hope that the decision as to the special status conferred upon *Time* and *Reader's Digest* which in one industry or one activity or another I have known a good deal about will be declared finally and irrevocably irreversible. The tribulations of the Canadian magazine industry have not been substantially influenced by the presence of these two publications. The difficulties, in my experience, have been created by competitive media, not by competitive magazines.

One might put the problem inversely: a substantial portion of the advertising revenues enjoyed by Canadian magazines are produced from liquor and tobacco. Liquor advertising has been subject to random provincial strictures, which diminish the usefulness of newspapers, and by the limitations of television, where it is not permitted at all. Magazines have been the beneficiary, as they will continue to be.

There has been a shift of cigarette advertising, except to the *Reader's Digest* which will not accept it, to the magazine media which except for *Time* and *Reader's Digest* have had the least to say of all the media about the relationship between cigarette smoking and cancer. It has found a temporary haven, so to speak.

The real point is, unfortunately, that Canadian readers are so catholic in their interests and tastes that they judge magazines in the context of a North American market. It may be unfair, but inevitable. The newsstands of Canada are like a window proclaiming the foreign dominance of the magazine industry.

Advertising regulations will not solve the problem, nor will subsidies. Instead, I suspect a Canadian magazine industry can best survive, as do the newspapers, by serving exclusively local markets and special Canadian interests.

The Committee may, however, and it may have already done so, wish to inquire into the related matter of newsstand distributors who make fateful, arbitrary and discriminatory decisions to the detriment of Canadian publications. The marketplace as anyone can see is flooded with American periodicals, many of them of the worst kind. American publications of a similar breed bury from sight Canadian magazines, periodicals and publications.

The Americanization and cartelization of this aspect of the publishing industry appears to have escaped public notice and perhaps it should.

As with Canadian magazines, Canadian television, to a substantial degree exists in a continentalist environment. Even if there were no solutions to the problem of Canadian content, it is important that the Canadian viewer understand the very real difficulties in this circumstance, especially as they apply to public affairs and news.

The problem with Canadian public affairs is content, which is a way of saying the problem is talent, which is another way of saying the problem is money. There must be a reason why public affairs television presents so much that is trivial, so much that is an echo of American events, so much that is shallow, or that is a mystery of irrelevance.

One reason, of course, is that public affairs rises out of news, and news is not a national property, but international. With very rare

exceptions, the Canadian television networks lack the personnel for such a purpose as, of course, they lack the means. Anyone within range of the American television networks and in the habit of watching their network newscasts will, of course, note, if he also watches the later Canadian national newscast, the redundancy of material, in fact the identity of much of the material. Television is perhaps singular in that it reproduces substantial segments of American news, but provides no accommodating commentary to give it Canadian relevance as do newspapers. Canadian coverage of American events is, of course, painfully thin and, even without economic considerations, there are substantial difficulties.

Canadian public affairs programming tends to be imitative of similar programs in the United States, but in a particular way and for a particular reason. Black panthers, overheated student activists, flat-worlders, and other kindred spirits find their way into Canadian public affairs broadcasts precisely because they are so easily available, so highly visible, and so economically feasible. Because they are, a special relationship develops between those in the North American community with extremist views who need media attention and those in the media who need program material. They are, so to speak, made for each other.

Similarly, if one cannot conveniently or easily find an American extremist, one can at least find a Canadian counterpart. In the rush and pressure to fill a public affairs program to entertain if not to enlighten, or to provoke if not to inform, the values of confrontation, and sometimes simple rudeness, overcome the need for objectivity and the presentation of issues in some reasonable depth.

Public affairs has been, I think, or is a suspect for a great deal of regional alienation that exists in this country. Because budgets are so restrictive, it is obvious to the discerning viewer of Canadian public affairs broadcast that in frequent desperation the producers must broadcast their mistakes, their failures. To an alarming degree, it is not the audience which is primarily the consideration, but the accountants.

The networks have dutifully allocated prime time to public affairs and news. There is no question about the task that has been awarded. In that context, of course, it has been their clear responsibility to the public to



do so because no part of their programming can be considered any more important. They have not, however, committed the funds nor the personnel to the enterprise.

One has a legitimate fear that with the irrepressible growth of cable, Canadian television audiences—which is almost everyone—will develop the same appetite for American news and public affairs programming that it now has for American magazines.

In the struggle to maintain Canadian content, the line ought to be drawn here in this area of public information. While I believe the competition in television news between the two networks has been in the public interest, certainly the CBC has removed a fair percentage of the paranoia about the bias or the alleged bias of the CBC. This competition is going to be illusory if, in the end, the audience for such programs becomes fragmented by the multiplicity of channels and, as well, by an inferior product.

It may be best to hope that the public network, the CBC, will command sufficient national concern and interest to allow it to produce public affairs programming of a standard to satisfy public acceptance in a highly competitive medium.

Money is simply the first imperative. Canadians have a right to know what is going on in their own country and they must also of necessity know of events elsewhere. In this latter regard, more and more Canadians are finding this information through the American media. This need not be so and ought not to be so unless, of course, we are to offer up by default yet another responsibility of public programming on the public air.

**The Chairman:** Thank you. That is a very thoughtful presentation and one which I think will lead to any number of questions. I will only ask perhaps one or two and then I would like to turn to some of the Senators. But if I might ask a couple which perhaps don't relate directly to the brief and yet, I suppose in a sense they do.

You are a columnist—I think you write weekly in the *Toronto Telegram* and I am not sure of other papers as well but I think you have one of the *Toronto papers*...

**Mr. Camp:** And the *Halifax papers*...

**The Chairman:** Well, in any event, in your January 26th column you began thusly and I quote:

"The press has taken the freshly anointed Quebec leader Robert Bourrasa to its ink-stained bosom."

What precisely did you mean? Were you attributing Mr. Bourrasa's election to the press?

**Mr. Camp:** No, far from it.

**The Chairman:** I don't mean the election...

**Mr. Camp:** No, I think it is easy to tell, Senator, when people are involved in politics long enough and therefore are obsessive readers of the press when a bandwagon begins to move. I think the coverage, for example, of that event, particularly by the television networks was not very good coverage, not very informed coverage. However, there is no question that feats of prowess were attributed to Mr. Bourrasa—who I want to say I personally find attractive and intelligent and a welcome addition to the political field—that were completely undocumented by evidence.

The second thing on this, and I think the reason I was provoked to say it, is that one of the problems with the media is that it makes the Union Nationale alien to everyone in Canada. I don't know the reasons for this; I can think of a lot of possible reasons. However, it seems to me that where you have a two-party system in Quebec that the same tolerance and respect, and let's say on questions of doubt, ought to be allowed both parties.

I think it is true to say that Mr. Lesage was not any less adventuresome in terms of the confederation issue than was his successor. In fact, in many ways he was more so. But one of the difficulties which I think is creating a great deal of attention in Canada is the way in which the press seems to me to be incessantly critical, even paranoid, of the Union Nationale. The benefit of all doubt is always given to the other side, I really don't know—I don't say this in a partisan sense at all—I say it in terms of a concern in western Canada where very little is known about the politics of Quebec.

One thing they do know is that the Union Nationale is bad and labour is good. That I think is the genesis of that statement.

**The Chairman:** Well, perhaps I could come from there to a more general statement which I think bears on the discussion and perhaps you could look at this with me. This was a column which appeared in the *Globe and*



*Mail* in Toronto some time in January by J. Patrick Boyer, who is the 24 year old son of an Ontario Conservative Cabinet Minister. And he said in part and I would like to quote him to get your comments...

"First, effective opposition is being played by the news media. That is so because the media have speed, have information and have a publicly accepted objectivity that political parties don't. Since we are not the majority party in Canada, we have been spending most of our time as the main opposition party and not the governing party. Now, with the primacy of communications and the ascendancy into active politics the news media, we are losing our traditional role, our rationale even as an opposition party. We are being displaced."

Then he goes on to say...

"A similar situation exists at Queens Park, not surprisingly, where we are the majority and the governing party. The opposition parties are frequently overshadowed and outdone, in terms of providing effective opposition, by the news media—which upset some of our members when they watch TV or read page 7 interpreters which are strongly critical. They simply don't recognize that, at the same time, opposition in the Legislature is fragmented, superficial and desperate—as at Ottawa."

Do the media have that kind of power?

**Mr. Camp:** Well, I think the media have enormous influence in the shaping of popular political issues. I don't think there is any question about that. I don't think we could have made pollution an issue without the press. The press these days of course, covers issues or reports on issues and develops issues in almost a cursory sense.

I was concerned for example, talking to editors of Canadian newspapers—I struck a common chord. For example, Claude Ryan said that *Le Devoir* was withdrawing its permanent gallery representative and others told me that they detected among their readers a decline of interest in news coming out of Parliament.

That the hot news so to speak was news triggered by local issues, local committees, local groups of citizens and so on which is outside the optical system. That is not quite Mr. Bauer's point...

**The Chairman:** Not quite, no.

**Mr. Camp:** But I think that an opposition party to a considerable degree responds to issues which it finds response to in the press. I don't think it is the other way round.

For example, the White Paper—took it down to cases. The leader of the opposition in Ottawa has made a number of statements critical of the White Paper but, you know, there seems to be a need to hang something on it like a crusade and to embark on a national tour before what he said in the House of Commons some months ago could be fully reported in the press. You have to, it seems to me, with regard to the issues these days put a show on the road because putting it in Parliament doesn't seem to produce the results.

As far as public attention is concerned, public attention solely relies on the media.

**The Chairman:** Is the Parliamentary Press Gallery more interested in personalities than issues?

**Mr. Camp:** Well, they are certainly interested in personalities and I think their readers are. Now, maybe their readers have been shaped that way. There is no question that television, for example, responds more to the accident of personality than to issues. Hopefully you can combine both, but where that is not a prospect then there is a response to what I would say would be the accident of personality in television.

**The Chairman:** Which comes first, the issue or the personality? Or, is that a chicken and egg situation?

**Mr. Camp:** It is a chicken and egg situation. I think most of us feel that issues can be escalated now and be more and more rapidly advanced to the public attention, but they are accompanied by personalities that satisfy the demands of the media.

I think it is not too far from evidence that has been given here.

**The Chairman:** Yes. Do some of the Senators have questions that they would like to ask? If not I would like to proceed just for a moment to your section on magazines.

**Senator McElman:** Mr. Chairman, before you do that I wonder if Mr. Camp would like to comment—do you believe that the Parliamentary Press Gallery gives an adequate report of what goes on in Parliament?

**Mr. Camp:** I think it has to make two kinds of judgments. It has to make a simple news judgment or an editorial judgment and it has to make a judgment as to what will interest the public.

The essential thing here, I think, is the fact that the media has grown in its reach faster and is stronger and more influential than the public capacity to measure it. I think the degree to which you have a more critical public and the public more aware of professional journalistic standards is the degree to which you get a better media. As a result, a simple answer to the question is hard to come by. I depend on them for my understanding of what goes on in parliament the same as anybody else does, except you. By what you read in the paper, I get the impression that it is a pretty quiet place.

**The Chairman:** Off the subject—it is on the subject but somewhat off the subject of our discussion or study—you don't read Hansard on a daily basis?

**Mr. Camp:** Yes, I do.

**The Chairman:** Does that, Senator Macdonald, answer your question?

**Senator Macdonald:** Well, I can say...

**Mr. Camp:** Well, for example, the reporters—not in the gallery here but elsewhere—tell me they would rather not come here. These are metropolitan daily newspaper reporters in the metropolitan areas and they don't want to go to Queen's Park either, because they think there is more scope for them in general reporting and more satisfaction.

**Senator Macdonald:** Well, you must have noticed many times, say in the House of Commons, that once the question period is over there is an exodus of press gallery reporters and perhaps just one or two remaining.

**Mr. Camp:** I do it myself.

**Senator Macdonald:** You infer from that they are only trying to dramatize something and they are not trying to get at any general issues, just something which would dramatize a particular point.

**Mr. Camp:** Senator, let me answer that question by not answering. I think it would be helpful if television were allowed in the House of Commons. The public today can see almost any thing in the world that is happening from the crowning of a monarch to people being butchered in Vietnam. The only

thing they are not allowed to see is what is going on in their own parliament.

**The Chairman:** You would think for example that the hearings of this Committee should be televised?

**Mr. Camp:** Certainly.

**The Chairman:** There are some of us who agree with you and there are others that don't.

**Senator Macdonald:** Just to carry the step a little further...

**Mr. Camp:** I think that is where television ought to be, if you are asking an opinion, in the Committees. The difficulty is that everybody knows private members of parliament live a very unhappy life.

**Senator Macdonald:** What about the news report that say that the CBC should televise from Parliament?

**Mr. Camp:** Well, it has changed, hasn't it. It has become highly personalized and it has moved into the corridors or whatever it has moved to—it is hit and run—30 seconds. I think people ought to be entitled to something better than that, some greater depth in coverage.

I think on balance I would have to say that the coverage of issues that you get out of Washington, because you often get into the environment of the event itself, involves listeners more and interests viewers more than does this present sort of ad hoc silence that we have.

There is more depth to it; there is more texture to it. On the other hand, I would think that as a rough guess that Parliament is undercovered. I don't think the regional members get enough voice. I think that television creates the impression that there is only a couple of people here—the Prime Minister and the leader of the Opposition.

**Senator Beaubien:** Mr. Camp, do they do a better job in Washington than they do here. They don't cover congress, do they?

**Mr. Camp:** No, but they cover the Committees.

**Senator Beaubien:** They cover Committees?

**Mr. Camp:** Yes. I think you get as a result of that greater focus, greater depth, more variety of comment, more balanced views if you like. It is a darn sight more interesting...

**The Chairman:** I think it should be said in fairness here that the fault is more with the politicians than with the media. Would you agree with that?

**Mr. Camp:** I think the politicians should be aware of it.

**Senator Beaubien:** But the media is always keen on it?

**Mr. Camp:** I don't think there is any reluctance on the part of the media.

**The Chairman:** No, I think it is the fault of the politicians.

**Senator Macdonald:** You mentioned unsigned editorials so the reader can't judge who wrote it. Would you go further, Mr. Camp, and say that a news story should be signed? It was stated here many times that there is no such thing as objective reporting. So if there is no objective reporting, don't you think that the reader has the right to know who wrote the story so he can draw his own conclusions?

For example, you write a column and I know what your political views are and some of the others—I know what their political views are, but they try to say they are objective and they are not. Don't you think all news items should be signed by whoever wrote it?

**Mr. Camp:** I think there is an added thing. I think in terms of foreign news, in terms of, as the previous group were talking about, religion and education, I think there are reporters who require—who acquire and deserve a reputation in these fields and I think they are entitled to the distinction of their by-line.

Now, I am not suggesting that they don't get it because as far as I know they do. All television journalism is of course personalized as with the pure reading of the news.

Certainly a by-line does help one reading a metropolitan newspaper, a home newspaper, to make some assessment of the value of the story because you become familiar with the author and some of them have a familiarity and knowledge of a subject which earns your respect.

**The Chairman:** Senator Sparrow?

**Senator Sparrow:** Not having a copy of the brief which you referred to or remarked from, you seemed to infer that newspaper publishers should in no way be interfered with.

They should have entire freedom and they should be able to do what they please and to what they wish regardless of what they do.

You continued to say that rather than doing anything with them you educate the reader to look at it another way. First of all the time element of educating the reader would appear to me to be almost an insurmountable problem.

You inferred also that a publisher has some public responsibility to the people. We expect it in other corporations with good corporate citizenship and this type of thing, but from your remarks it appeared that you didn't think this was true from a publisher's point of view.

**Mr. Camp:** Yes, that would be a correct interpretation of my own position, Senator. We all know, I think, or some know the degree to which in the broadcast field there are political pressures on the owners and operators of that media. There are some cases, and could be in other cases and I have known them to be politicized.

Now, I think you have to live with that evil or the prospect of that evil and recognize it for what it is because indeed the error belongs to the people. Therefore, Parliament has a responsibility. Therefore, there is a political responsibility.

I wouldn't like to see that, anything resembling that in newspapers. I would rather have some bad newspapers and some wicked publishers. But the thing that concerned me in the magazine industry, when there was political pressure and perhaps there still is, was the degree to which I felt the magazines were being politicized.

For example, a magazine which was under pressure of the government was gauche enough to send a cheque to a Cabinet Minister as a contribution to his campaign which startled him and he sent it back. Now, I don't think that that was a singular incident but I think it is an example of the kind of thing which can happen with the print media.

I think it is very dangerous and I would like to avoid it at all costs. I think it is safer to take the view that a free society can stand a free press and the degree to which it is responsible or irresponsible is a matter of their judgment and not a political judgment.

**Senator Sparrow:** Well, I don't want to disagree with you, but I will ask this ques-



tion. Are you saying that in a particular publication for a particular publisher in a particular city, let him go off half-cocked for whatever the case may be, but following it further, with the ownership being restricted to a few, if it was restricted on a national basis to this type of publisher that you are referring to, can you not foresee a danger in that and perhaps a greater danger in some political control or governmental control or pressures?

**Mr. Camp:** I think I would be inclined to wait for the danger. You see, the fact is, that despite all the talk about the free press, it is free on sufferance as is everybody else.

If the Parliament of Canada decides that everybody who has blue eyes has to pay a higher tax than everybody with brown eyes, that is the law of the land. But in the present circumstances I think that it is safer and wiser to allow the press its present freedom. I think it is very dangerous to threaten it in any way.

**The Chairman:** Well, let me follow up Senator Sparrow's question and put a hypothetical question to you if I may?

**Mr. Camp:** Yes.

**The Chairman:** You used the phrase that you could tolerate and I made a note of your words, bad newspapers and wicked publishers. Now, I want to underline and stress that this is a hypothetical question but suppose in a city the size of Edmonton...

**Senator Prowse:** Which has a good newspaper.

**The Chairman:** And which has a good newspaper. In the Edmonton retail trading zone, I think there are approximately 800,000—and there is only one newspaper in a monopoly situation, in a big market—supposing that newspaper were owned by a wicked publisher, to use your words, and was or has become a bad newspaper. What would you do about it?

**Mr. Camp:** I wouldn't be excessively concerned.

**The Chairman:** You would be if you lived in Edmonton, I would submit.

**Mr. Camp:** Senator, I think the situation is far safer, far less open to peril because of the competitive situation of the media.

**The Chairman:** But I have used the example...

**Mr. Camp:** Well, I am sorry, I don't want to interrupt. It is the only newspaper there, but it is not the only source of news. It is not the only media that provides the essential service of news and information.

Fifty years ago when the situation was much worse oddly enough, perhaps by coincidence, so were the newspapers.

**The Chairman:** It strains my imagination to think that you...

**Mr. Camp:** Of all people...

**The Chairman:** Of all people, right. You, of all people, would do nothing about a bad newspaper with a wicked publisher in a large city. I think you would.

**Mr. Camp:** As a government?

**The Chairman:** Well, all right, as a government. I am asking as a person, of course, but either way?

**Mr. Camp:** As a person, I would cancel my subscription. I would mount the platform and demand as much public attention as I could against it and I would get a mimeograph machine in the basement. But as a government I would find it difficult to act in a situation which you allow the press to be free within the laws of libel and so on.

Then, you reserve the judgment to say that you are a bad publisher and so on.

**The Chairman:** I don't want to paint myself into a corner incidentally of advocating some kind of government activity in this situation.

I would point out to you that you have made the point rather eloquently in your brief that one thing that should be done is the upgrading.

Senator Sparrow's question about educating the readers of the newspapers. The very fact that you mentioned the point indicates to me that you think those readers need education.

Sure, you, Dalton Camp, might mount the platform and start a campaign, but I would suggest to you that perhaps the average reader would not.

I suggest to you that he might just suffer. Is that a fair comment?

**Mr. Camp:** Not talking about wickedness and so on, but I think there are some newspapers in Canada who are suffering right now.

**The Chairman:** I was going to ask you, do you think there are some bad newspapers in Canada?

**Mr. Camp:** Not in the wicked sense.

**The Chairman:** No, I didn't say wicked publishers. I said bad newspapers.

**Mr. Camp:** I think there are some standards which could provide a better service.

**The Chairman:** You think the standards are uneven across the country?

**Mr. Camp:** Yes, and they have to be I am afraid by economics.

**The Chairman:** Well, I would like to ask you about that, but perhaps we will go to Senator Everett's supplementary question.

**Senator Everett:** Well, I am not so sure that it really follows...

**The Chairman:** Please go ahead.

**Senator Everett:** I was just wondering in this situation of a bad newspaper and/or a wicked newspaper, owner or publisher—One of the things we are told time and time again is that there is no way of starting a competitive newspaper because there just isn't enough money available.

Now, I suppose there is an example in Quebec—one in Montreal and one in Quebec City where newspapers have been started with particular emphasis on the sports scene and I suppose the unions in Vancouver started a newspaper, but is there anything in your mind that should be done to correct that situation in the case of a bad newspaper?

You say that you would go out and get the mimeograph machine, but can you think of anything you might recommend?

**Mr. Camp:** Well, Senator, the only thing I wouldn't recommend is that the decision be left to government because I think that would be establishing a precedent that the society might come to regret.

Not only would you have the possibility of wickedness with the publishers, but you have the possibility of wickedness with the government.

**The Chairman:** That is an equally hypothetical observation!

**Mr. Camp:** Of course it is. I didn't mean to discount the degree to which people outside the Committee would encourage competition

and quite legitimately. But, for example, if the government of Canada were to say in the event of an unsatisfactory newspaper, "We will subsidize competition", I would consider that to be government intervention in regard to freedom of the press.

I would consider it in that regard to be a dangerous precedent.

**Senator Everett:** And you feel that is true no matter how general that subsidization is? Some people have suggested that there be a form of a three year tax holiday on new newspapers and that sort of thing?

**Mr. Camp:** Yes, I would consider it so, Senator. I would consider it potentially for allowing for possible intimidation. I think it is intimidating in itself.

You know, the tradition of the free press, without sounding to rhetorical about it in my opinion and in our society is something that deserves to live on, that the isolated or hypothetical example of the bad publisher simply won't, survive, being mortal. I think you have to run some of these risks. I think you have to entertain the prospects of some risks like that.

**Senator Everett:** And in your mind competition is not an element of the assurance of a good press?

**Mr. Camp:** I think the competition, Senator, now is multi-media. It isn't necessarily newspapers. The media have reacted on one another in a competitive way. When you consider the number of newspapers that can survive in New York City you wonder at the number of newspapers that are still surviving in Canada. Again, without being all concerned about it, the quality of the newspapers they are supplying in Canada.

**Senator Everett:** Do you then feel that the quality of the newspaper has been heightened by the competition with radio and television?

**Mr. Camp:** Yes, I think it has improved the standard of journalism, I think generally. I think probably in many different ways. I think newspaper men themselves have options they didn't have before.

It has broadened the field of journalism.

**Senator Everett:** What do you mean by "options they didn't have before"?

**Mr. Camp:** Well, they have the option of not only their local newspapers but they have the

option of their local radio station and local television stations.

**Senator Everett:** You mean they could work there?

**Mr. Camp:** They have some mobility which they never had before. As well of course there is the higher expectation on the part of the reader to what the publisher wants to produce and I think this is a good thing. It used to be you know, that the *Fredericton Gleaner* wouldn't publish the radio schedule of the local radio station because they felt that threatened by the competitive media.

Now, of course, they do.

**The Chairman:** We don't want to spin this thing about bad newspapers out endlessly but conceding your point about government involvement for purposes of this discussion and for perhaps more than purposes of this discussion, what do you think a Committee like this could do or should do about newspapers which are not providing an adequate service in their communities?

**Mr. Camp:** Well, I think you already have. I think the Committee has provided a forum and a focus—and a national forum for a great deal of complaints, some of which are legitimate about the condition of the press in various parts of the country. There are people who have been vocalized, shall we say by the fact of this Committee, no doubt they should speak out and now feel a little more freer in doing so.

**The Chairman:** Beyond that you think there is nothing we can do?

**Mr. Camp:** In my judgment, no, sir.

**The Chairman:** Perhaps I could introduce a very short discussion of magazines which you have dealt with in your brief and they are on our minds because we have been dealing with magazines for the last several weeks.

I note you think that the special status for *Time* and *Readers' Digest* should become irreversible, irrevocable and I forget the other words you used. Is that a new position for you?

**Mr. Camp:** No.

**The Chairman:** You took that position at the time, did you?

**Mr. Camp:** I was pleased to see Senator O'Leary come over to my point of view on that.

**The Chairman:** Well, I was going to ask you about that. Throughout your paper, and I had the advantage of being able to read along with you when you were reading it, there is a sense of concern if I could use that phrase about Canada. You are clearly a Canadian—I don't want to say nationalist...

**Mr. Camp:** I don't mind.

**The Chairman:** Well, either do I in describing myself so let me just describe you as a Canadian nationalist.

As a Canadian nationalist, do you regard *Time* as a Canadian magazine?

**Mr. Camp:** No, not at all. What the O'Leary Commission did, Senator, was stop them at the pass. Not *Time* and not *Reader's Digest*, but I know for a fact stopped it *Newsweek*.

**The Chairman:** You know that for a fact?

**Mr. Camp:** Yes. It also created the environment that allowed, I think, and made more permissive and easy to achieve the business whereby we could stop the split-run problem which I think had tremendous implications for Canada and Canadian magazines.

I think that achievement was considerable and I am satisfied that it shouldn't have gone any further than that.

**The Chairman:** Did we discourage *Time* from doing split-runs inside of Canada now?

**Mr. Camp:** Well, there again, the government has patriated *Time* here, has given it a special status and it is entitled, I think, to all the privileges of any other magazines.

**The Chairman:** Do you read *Time*?

**Mr. Camp:** Yes, sir.

**The Chairman:** What do you think of the Canadian section?

**Mr. Camp:** I prefer the rest of the magazine. I don't depend on the Canadian section of *Time* for anything of importance. I think it is entertaining, but you see the problem with *Time* magazine is that it does serve a purpose in Canada.

It serves a purpose to advertisers in Canada and there can't be any question about that. That is not a good enough reason to sustain it but I think that the magazine has not been responsible for the damage to the magazine industry, but the magazine industry once insisted that it did.



In my own judgment it was never a case of advertising in *Maclean's* for example or *Time* magazine. I don't think we ever had to make that judgment. I can't think of an advertising decision that affected *Time* magazine—that if *Time* magazine hadn't been there—I would have automatically turned to *Maclean's*. It was in that environment that that decision was made.

**The Chairman:** You say, and I am quoting you:

"I suspect a Canadian magazine industry can best survive, as do the newspapers, by serving exclusively local markets and special Canadian interests."

Now, as someone who I am sure has a special knowledge and a special interest in the Canadian magazine industry, has that begun to happen now in your opinion?

**Mr. Camp:** I hope so. I think maybe *Toronto Life* is an example of a special magazine.

**The Chairman:** *Maclean's* when they were here represented themselves as a special Canadian magazine and a special interest magazine with a special interest with Canada.

Were they being fair to themselves?

**Mr. Camp:** Well, that is everybody's special interest. I think the national magazines here and in the United States are going to be in some chronic difficulty. The only thing that I can see that would change that would be broadband television which would give the advertiser then another kind of judgment to make. You have broadband television or multi-channel television, nobody is ever going to pay the television price for a fifth of the market of New Brunswick for example, I wouldn't think, not at the cost of which it would have to be.

**The Chairman:** You are really saying more specialized and more localized there?

**Mr. Camp:** Yes. If the pattern in the United States were to change and if *Life Magazine* for example, was in trouble *Maclean's* has got to have some difficulties.

**The Chairman:** Well, when *Time* was here, they assured us that *Life* wasn't in trouble. Contrary to popular impressions I agree, but you are thinking of the article in *New York Magazine* and so on?

**Mr. Camp:** Well, I was just thinking of the magazine. You can pick up the magazine and practically carry it in your vest pocket.

**Senator Sparrow:** Did you say that you would not like to see the privileges that are extended to *Time* and *Reader's Digest* extended to other publications such as *Newsweek*?

**The Chairman:** That question was put, but carry on.

**Senator Sparrow:** Did you say that?

**Mr. Camp:** I said, Senator, that the O'Leary Commission stopped *Newsweek* at the border and I am glad that it did. I think that if you did continentalize the whole magazine industry, then it would be disastrous.

**Senator Sparrow:** So stay where we are, is that what you are saying?

**Mr. Camp:** Yes, sir.

**The Chairman:** Exactly where we are as I understand it?

**Mr. Camp:** Yes.

**Senator Everett:** What do you think the future is then of television if we are moving towards multi-channel operations?

**Mr. Camp:** Well, I am told, Senator, that multi-channel operation as envisaged will be on a first come, first served basis. If you have broadband television, the first consequences would be the destruction of the network. There would be no reason for a network—no economic reason for the networks.

The practicality of the networks would simply just disappear.

**Senator Everett:** Why, wouldn't the networks distribute the programs?

**Mr. Camp:** Oh, yes, but let's see if we can try and stay on micro-waves. If you have in every television home in Canada somewhere between six channels and 30 and you have two networks buying programs on the North American market and distributing to a sixth or thirtieth of the Canadian market the whole economic structure that allows the network is damaged, because, as I said earlier, I don't think anybody wants to buy a thirtieth of Winnipeg or a sixth of Moncton or a tenth of Charlottetown, but it is economic now to buy a sixth of Toronto, for example.

**Senator Everett:** Well, in radio you quite often find yourself in that position?

**Mr. Camp:** Radio?

**Senator Everett:** Yes.

**Mr. Camp:** But, Senator, network radio went with the dodo for that very reason. I think that local television will go the way of local radio in that it will have the same community identity and community interest and the same retail volume. But you have to, it seems to me, have a policy which at the present Mr. Juneau seems to be buying, where you have to put some sanctions on this thing. You can't allow unlimited television channels, not unless you are prepared to pack up your networks as in the case of radio.

**Senator Everett:** Did this cause the pack-up of the networks in radio?

**Mr. Camp:** Yes, I think you could say that. We still have one fortunately. You have the same radio network system as the television system—ABC, NBC, CBS and...

**Senator Everett:** And NBC have two of them?

**The Chairman:** Yes, two.

**Mr. Camp:** When you have 16 radio stations on the band, then the networks no longer exist and the advertiser simply buys by station, by market.

**Senator Everett:** Well, would this be a good thing?

**Mr. Camp:** Well, for this country, I think it would be a very bad thing.

**Senator Everett:** A very bad thing?

**Mr. Camp:** Yes.

**Senator Everett:** Why?

**Mr. Camp:** Well, in spite of what I said about television, about news and public affairs, I think that if you for example, if you left Toronto fully in the hands of two local stations without a national service supplying it that 80 per cent of the population would be watching the American networks.

Now, I would consider that a bad thing; I would consider that as serious as having a total loss of a Canadian environment to television. Canadian news environment, the Canadian public affairs environment. This is tenuous enough right now but if that audience continues to be fragmented then I would be very concerned.

**Senator Everett:** So you see as the only solution—it would be a very meaningful restriction on the granting of licences—continuing restrictions?

**Mr. Camp:** Yes, sir. I don't see how you can say to people who live in Calgary and Edmonton or Moose Jaw or anywhere else that it is feasible that some Canadians can have five channels and other Canadians can only have two.

I think politically, I don't think that is a possible solution, but I do think that when you have that cable television you can insist upon prime time hours in which there is Canadian content with Canadian programs and Canadian presence.

**The Chairman:** The Committee is meeting tonight at eight o'clock and so therefore I would like to adjourn at six.

**Senator McElman:** Mr. Camp, as one who participated last Saturday in the festival along with Mr. Laurier LaPierre and Mr. T. C. Douglas, would you share the opinion that has been widely broadcast by Mr. LaPierre that the media did a very bad job in covering this?

**Mr. Camp:** No, sir. I made no evaluation of it, partly because I was trying to be careful with my valued judgment about the media where the considerations were primarily subjective. Did he mean to suggest that it was overplayed or underplayed...

**Senator McElman:** He had many comments about this as I heard on television. I think the prime one was that the demonstration had begun the day before and there were some 2000 people involved and that the only point of coverage made by the media was the unfortunate incident that did develop rather than the whole play. What its purpose was—what the attempt was to protest—what they felt should be protested...

**Mr. Camp:** Well, I wouldn't agree with that. I think the essence of the news story—I mean, I wrote a column on it the same day...

**Senator McElman:** Well, I must say I didn't see your column.

**Mr. Camp:** It was the presence of the Maoist so-called of these overradicalized young people that dominated the event. I can't imagine any newspaper or any reporter covering it in any different way. You have to say at the same time that subject is media and a degree to which television can make events.

**Senator McElman:** Do you feel that the media in general are doing a useful job from

the point of view of the total society in reporting and dealing with these new developments?

**Mr. Camp:** Yes.

**Senator McElman:** Well, this is one of the dangers of an uncritical public in terms of its attitude towards the printed word. Now, is there even a bigger danger in terms of what it sees on television?

**Mr. Camp:** Yes, Senator. That is true with respect to the television media and I must say with the media in general. For example, the press has told the story about cigarette smoking. Now, a lot of people are worried about the effects of cigarette smoking and they are concerned with pollution and in general with world conditions such as the war in Vietnam.

**Senator Everett:** I have just one question on this pollution issue. You say that the press has given a great service there. Has the press gone far enough on the aspects of pollution?

**Mr. Camp:** Well, Senator, in my view it can't go far enough.

**Senator McElman:** Are you aware, Mr. Camp, that the publishers of some of these papers have been here and suggested that perhaps the press has been remiss in its dealings with pollution and now the newspapers are doing a better job in reporting on pollution?

**Mr. Camp:** Yes, they still do reports on pollution and they are editorializing much more.

**Senator McElman:** Yes, it is being well reported.

**Mr. Camp:** Well, when I made inquiries as to—when I read a story about what was happening down off the coast of Newfoundland—there apparently was some oil leaking somewhere...

**Senator McElman:** Yes, Mr. Camp, I would say it was well reported in all of the principal dailies.

**The Chairman:** Well, Mr. Camp, weren't you in fact misquoted at one stage out West?

**Mr. Camp:** Yes, I made a statement in Edmonton and I came back and a Canadian Press report in the *Toronto Telegram* had what I had said completely wrong. So I immediately wrote a letter to the *Telegram* and in so doing I sent a copy of the letter to the editor of the Edmonton paper and low

and behold I received a note back with an apology.

The *Telegram* also asked me if I wanted to have them publish a retraction, but of course, this I didn't do.

**The Chairman:** Senator McElman?

**Senator McElman:** Mr. Camp, you have spoken very eloquently on government intervention, on chain ownership and of monopolies, but you didn't deal with conglomerates—that is ownership of the media by massive conglomerates. Do you hold the same feeling there as you do in other areas?

**Mr. Camp:** The answer there is only a partial yes. In other words, we are dealing now not with a private product but a public one. This is a television station, or a radio station and therefore there is a clear responsibility here.

I may say that I opposed Mr. Bassett's acquiring a television station in Toronto. I deliberately went out of my way and told him that I opposed it because I was against newspaper publishers owning television stations. He replied with something to the fact that he was not the only paper in Toronto that applied for this.

I would say that the interest of the general public could be involved, Senator, if one owner owned the only daily newspaper and say the only television station or radio station in a city.

**Senator McElman:** Well, let us go to the print media. Do you see any conflict with the public where a conglomerate who has massive interests outside of the media—where its massive interests are relatively outside of the media reaching to all parts of the economic spectrum. Do you think that there is any particular danger in that respect?

**Mr. Camp:** Well, Senator, that is rather a difficult question to answer.

**The Chairman:** Well, Senators, I hate to bring an end to this session as it has been a very interesting and informative one. Dalton, on behalf of the Committee, may I say that the request we made in asking you to come here was an imposition and the Committee is grateful and delighted that you have come.

On behalf of the Committee I can only say that we share your concern about the mass media and again thank you for sharing your concern with us.



Thank you very much.

The Committee adjourned at 6:10 p.m.

—Upon resuming at 8:00 p.m.

BRIEF OF PROFESSOR THELMA  
McCORMACK,

Associate Professor,  
Sociology, York University,  
Toronto.

**The Chairman:** If I may call the Session to order. The first of two witnesses this evening is Professor Thelma McCormack, better known as Mrs. McCormack in some circles at least. Mrs. McCormack is Associate Professor of Sociology at York University, and if you had an opportunity to study the briefing book I am sure you will have read her biography.

Sometimes, Professor McCormack, we have received briefs some few weeks in advance. That has not been the case for this brief, for which you need not apologize. There is one disadvantage in that the Senators have not seen the brief and I would suggest you proceed and perhaps you could quote from it or indeed I suppose you could wrote it all and then we will question you on its contents.

**Professor Thelma McCormack:** Or anything else. I think a brief is often like the media because it suffers from sins of omission. But it is a very large topic and I have a sabbatical next year in which I hope to write a great big fat book on it.

In any case, let me begin by saying that being a sociologist means I am not a professional journalist and do not have any very informed opinions on particular examples of the media; they are those of a layman. But sociologists have been studying the mass media in the same ways they study the church, the family, or the school. They see it as an institution in urban society and just as a sociologist would not think of passing judgment on your local church but talks about the function of the church, this is my particular interest in studying the mass media.

Now what I have tried to do here is to provide a set of concepts because I think very often in discussions of the media one gets into the details and evaluations without examining what the assumptions are. So I have tried to do two things in this brief. First, is to indicate what I see as the criteria for evaluating the media. Secondly, to indicate what kinds

of structural factors have in my opinion made the media fall short of fulfilling this kind of function. In other words, if I were studying a school system I would say, you know, what is the function of a modern school system in the 20th century and what are the structural factors which either make it meet those goals or fail to. This is exactly the same kind of question which I am asking about the media.

In this brief and in my courses as well I do put a good deal of emphasis on the print media. This is because it is the oldest media and allows you to examine it developmentally. The newer media are sufficiently young so it is hard to trace any kinds of trends but that is where it ends because what I have to say about the media apply really to all the media. McLuhan, notwithstanding, I really don't see any fundamental reason for making a distinction between the print media and the electronic media if what we are looking at is the function of the media in the modern society.

Now what I start out to do in section II is to define some terms and that is going to be a little dull but you might find it useful later on. I simply say the term "mass media of communication" does refer to newspapers and periodicals, radio, television, and so forth. In other words, to forms of communication which are mediated by a technology which makes it possible to reach large populations easily, quickly, conveniently, inexpensively, and without prior screening of names.

Now this means that I am not using communication to talk about inter-personal communication or personal letters and I am not sure that the term "mass media of communication" should be used for very expensive glossy magazines which sell publicly but cost \$1.25 or \$2.00. The mass media of communication ideally should be available to the poorest citizen although in fact that doesn't always happen.

When people talk about the content of the media I find the tendency to sort of flip-flop between journalism and popular culture. Here I am using "journalism" for non-educational reporting or interpretation and I am using "popular culture" when we talk about dramatic material or material with a lot of entertainment value. It doesn't really matter. What is common to both is that the content and the style are intended to have a very wide appeal.

I don't think there is any point in talking about "mass media of communication" unless you realize that the whole point is they are popular; they have a wide appeal. That means that I am excluding certain kinds of coded information or even material which requires a very special competence. If you have to be a trained lawyer to understand it, if you have to have a Ph.D. in economics, it is no longer part of the "mass media of communication".

Now the term "communication" has become a kind of mystique. I think McLuhan is partly responsible for this and it is becoming a kind of vague, romantic term. I find that people believe that all problems are due to lack of communication and if one could just solve the problems of inter-personal communications everything would be okay. I hope I am not being condescending here in defining it as "a voluntary relationship between senders and receivers". That means that school is not communication. It is not a voluntary relationship. It is something you are compelled to enter into by the state. Now this is not true when we are talking about communication in terms of the mass media. There are no rewards for entering into this relationship, no incentives, no privileges.

This term "voluntary" I think leads to a certain kind of misunderstanding. It is quite true media executives will say "It is a voluntary relationship. Nobody forces you to read this newspaper, nobody forces you to listen to this station or this channel." Now what I think is true (and we have a good deal of data to support this) is that, although it is a voluntary relationship, almost everyone in a modern society is to some extent exposed. In that sense it is habitual and it is universal. So it is not quite voluntary but it is also not involuntary.

The next term I look at is "media influence". Again I find this is thrown around very loosely by people and they use it sometimes to talk about media power and they are not the same terms. "Media influence" really has to do with the numbers of people who voluntarily expose themselves to the media and its prospectus. When people talk about "my newspaper" or "my favourite station" they are in effect saying: "I am putting myself in a position where my opinions and attitudes may be influenced. I am inclined to accept the biases or predispositions of this newspaper or this channel or whatever." "Media influence"

has to do with the effectiveness of the media in shaping attitudes and public opinions.

The "power of the media" may have very little to do with numbers. The media may be very powerful and yet there are few people exposed. The best example of that, of course, comes out of the war time period in which underground newspapers, underground radio stations may have reached very few people but the people it reached were strategic and the party or the group or the elite in power regarded them as a threat. The media can be very powerful without having large numbers of readers or large numbers of listeners. The whole power relationship is somewhat different.

Thirdly, I would like to distinguish the "prestige of the media" because this idea has nothing to do with and should be conceptually differentiated from its influence or its power. "The prestige of the media" refers to standards and these standards are set by other media professionals. They have their concept of what a good newspaper is just as we have concept of what a good family is or a good educational system is. A good or high prestige media may have a very small circulation and nevertheless be regarded by other media professionals as a model, as an ideal. What characterizes this is the rotation that it does not yield to pressure, that it does not sacrifice long-term goals for any kind of short-term popularity or gains in influence.

These three terms, I think, are analytically distinct although sometimes you find in reality they overlap. Politicians and people in power in other areas very often pay a good deal of attention to the prestige media. They would like to be well received in it and very often the prestige media has an influence because other journalists pay attention to it.

There was a very interesting study done some years ago of Washington correspondents and what emerged from that study of Washington correspondents was how important the *New York Times* was to other journalists. They were the ones who conscientiously every morning read the *New York Times* and it was from the *New York Times* they very often developed their sense of what was relevant and what should be pursued or not. So the prestige media may have an indirect kind of influence which you would not know from its circulation.

Now perhaps one of the most controversial issues I find when people talk about the



media is measuring its influence. You know you just stop anyone on the street and they will say "Oh, yes, the media have enormous influence." But what does "enormous" mean here? How big an influence is a big influence and is there any way of measuring the influence of the media? In recent years social scientists have become increasingly skeptical of the vast power of the mass media. I don't think the public has. Certainly my students believe that there is some tremendous power in the mass media and that I am withholding secrets from them because I don't explain what the magic is.

There have been a number of studies which suggest the media have far less influence for better or for worse than the public is inclined to believe. Now where the media influence is greatest is a combination of two conditions. The first is that there is a good deal of social disorganization—and here we get into some sociologies—but the other institutions of social control have broken down. You find this very often in underdeveloped countries or in countries which are going through some kind of revolutionary change where the family has broken down, the educational system has broken down and the media are the only institution to which people turn. That is condition A.

Condition B—now I am talking about maximum influence—is where the media have no competition. In other words, if you have social disorganization and a captive audience that is maximum influence. I think when you talk about influence of the media you have to ask yourself what kinds of competing influence are there from other media and from other kinds of social institutions. Now minimal influence is where confidence has broken down in the media itself and the people turn to other forms of readership or they withdraw altogether and make no further effort to order reality. What I am suggesting here is that both extremes, maximal and minimal, are probably not very healthy in a democratic society.

Now in section III of my brief I raise the question of what is the function of the mass media in modern society. I think to answer that question you have to start looking at modern societies and what we mean by them. They are large scale, they are complex, they are industrial; people sometimes refer to them as mass societies, as post-industrial, sometimes advanced technological societies. These are societies in which there is a very

high division of labour, a great deal of social differentiation, very complex inter-dependent kind of economy. Now what happens in that kind of society is that we create a communication vacuum. There is no counterpart in the small face-to-face primitive society or in a small local village society. These societies have so much interaction and they are so homogeneous as a population that there is no communication problem. The communication vacuum exists in these modern highly developed technological societies.

Here again a rather snide aside to McLuhan: I do not think it is the function of the media to restore the tribal village. I think we are living in a complex society and I think we have to learn to live in a complex society. We do have residues of village folk journalism, if you like. I see this in the modern tabloid press. If you look at something like the *New York Daily Mirror* it is full of scandals, it is full of the notion that people can be divided into good and bad. It is full of miracles and this kind of thing. That is primitive thought, that is village. I am using "village" now in the anthropological sense. That is "village thought" or "village journalism" which you find in the tabloid press. We are just not living in that kind of world. Canada is an industrial urban society and its technology is characterized, as I say, by the division of labour and social differentiation. We are a future oriented society in the sense that we believe in planning ahead, in conserving our resources or developing surpluses and acquiring knowledge to plan ahead. Very briefly that is the model, if you like, of modern societies.

Now modern societies, as I say, have a difficult problem first of co-ordination and, second of achieving consensus. This is just another way of saying there is a communication vacuum built into the modern societies and there are two ways in which that vacuum can be filled. One is rumour, gossip, whispering campaigns. This is not a very efficient way partly because gossip and rumour tend to be structured by our personal prejudices, our personal biases, personal anxieties. It means that consensus is left to chance with the risk that there can be panic, ignorance, and indifference.

Now alternatively the vacuum can be filled by propaganda of an elite group which does not hold itself accountable to the public and attempts to maintain itself. A word here about propaganda. It should not frighten us.



Propaganda very often begins for very good reasons—for instance, to persuade people to undertake sacrifices which they might not wish to take and which are not convenient but nevertheless in the long-run are in their best interest. The problem with propaganda, however, is that it deteriorates quickly. It begets more propaganda. It tends to be one-directional. It tends to be from the top to the grass roots and not the other way around. This is another way of saying that the trouble with propaganda is there is no feedback system and it becomes rigid and dysfunctional in a different way from rumour and gossip. These are two ways in which that vacuum can be filled.

Historically in the Western World the third response to the vacuum has been the development of the media of communication and it developed, as I say, as a response to the communication vacuum. It is not as unreliable as rumour and it is not, I think, as rigid or one directional as propaganda. The media, as I see it, have a dual function. The first is to help us in this very differentiated type of society to synthesize our experience and help us develop a sense of "collective identity".

Collective identity is very easily achieved in a simple primitive society where people have very much the same experience and are very much alike and these societies tend to be static and closed. Collective identity is very difficult to achieve in a society which is characterized by a great deal of differentiation and it is, I think, an important function of the media to help us find our collective identity. I have some qualifications to make about that term "collective identity", but I will skip them now.

The second function of the media is to help us adapt to change. Modern societies cannot survive as static; they are continually in the process of change. It is the function of the media to increase our flexibility, to give us some kind of guidance in the process of social change. This means, I think, that the media are sensitive indicators of social unrest or tension and they alert us simply to the kinds of problems which exist in the society to which we must adapt, the kinds of alternatives that may be available to us.

What I am saying is that the media are instrumental and they are continually engaged in assessing our total society, in evaluating it. I think this kind of critical posture is essential, not because I am a student radi-

cal but because I do not believe that a modern society can remain static; it is in the process of social change and if we don't take responsibility someone else will. I think this means that the media do have to get into the act, as it were. Now the media may not, and people will still read newspapers and listen to the radio and perhaps enjoy them, as I say here in the same way people find pleasure in reading a telephone book. I am not being facetious. I sometimes do find pleasure reading a telephone book but it is not an essential function of society that I have this pleasure.

If you accept this notion or this hypothesis about the function of the media the next question is: Do they perform effectively? And I am going out on a limb here and saying I do not think they perform effectively and I don't think it has to do with the character or the motive of the people who run the media. I do think it has to do with the structure of the media.

Now the structure—those of you who have been following or attending all these meetings will find it is fairly obvious—with the exception of public broadcasting—that the media are forms of business enterprise and this means that they get a large share or a greater share of their revenue from advertising. It also means that large circulation metropolitan newspapers disappear although the public may want them. There have been some rather scandalous examples recently in Britain of newspapers with fantastically large circulations which suggests the public thought they were okay and enjoyed them; but the shareholders were not satisfied that the return was good enough.

In broadcasting this corresponds to the notion of ratings and very often programs have very high ratings but the sponsor is still not satisfied that they are high enough so the public interest here or the public voice is simply disregarded.

What I have then done is suggest some of the structural developments in the media and I really think they are very familiar to you. There is the decline of family ownership and development of the corporate structure, decline of competition and growth of monopolistic or quasi-monopolistic forms, increasing absentee ownership through chain development, multi-media ownership and affiliation with conglomerates. I think you have perhaps almost exhausted these subjects but in each case I think these developments have not

been influenced by social need but by economic need. I think the media are forms of business enterprise and media personnel behave like entrepreneurs. That is their job as they see it. They see what they are doing as a form of economic activity which must pay off.

I have commented briefly on some of these trends and we can perhaps go back to them, if you like, and point out none of these trends is unique to Canada. You can find them in the United States and you can find them in the U.K. Now when I say the media are business enterprises first and public services second it is true that the media are not always very profitable forms of business enterprise. I mention here something which you may have already seen, the Royal Commission on the Press, which was done I think in 1961, in which they found that the media newspapers in Britain were sick industries. They were not industries that were especially attractive as investment.

Very briefly I suggest that when media executives are entrepreneurs, they behave like entrepreneurs, not only economically but also socially. They have more in common with other business executives than they do with their own employees and very often large sectors of the public. I think the media executives whom I have known have perhaps a little more perspective than some of the business executives. But they do belong to the same kind of sub-culture as other business executives and their tastes tend to be those of other business executives and they tend to see the world in the way other business executives do. I do not think they know very much about the world of the underprivileged or the powerless or the have-nots. I think this is why people have come to look upon the media as establishment. The fact is I think media people do put property values ahead of human values. So when students start smashing up a computer at Sir George Williams University I think the media executives, with all the best will in the world, have a reflex in favour of property values. This is why I think there has been a growing cleavage between the young radical students and the establishment media.

Now there are differences. There are newspapers and newspapers and there are magazines and magazines. Some of them, I think, have a kind of old-fashioned shirt-sleeves working man's style; others have gone in for the new swinging zap-pow style. Whatever

the style I just think they do not rock the boat where the status quo is concerned. They tease occasionally, they flirt, but they really do not rock the boat.

Now in recent years the response to this situation has been what I call the "soul journalism"; this you will find in the student radical press and the underground press. It is a really horrible form of journalism: hostile, shrill, arrogant, profane. It is dogmatic, careless of facts and it is deficient in a lot of ways. However this form of journalism, I think, has caught the imagination and reflects the sense of social concern which has developed in Canada and elsewhere. This kind of journalism concentrates on very relentless criticism of the status quo and they are confident they do not have any competition from the establishment media. I am a little ambivalent about it. I just emerged after having been attacked by the *York University Press*. To go back to this point...

**The Chairman:** This is not the question. But what were you attacked for?

**Professor McCormack:** Not having enough Canadian content in my courses.

Anyway, I am going out on a limb and suggesting it may be horrible to contemplate, but I think quite possibly that the media in Canada may become increasingly polarized between the two extremes of an establishment media, which serves the economic cultural and social elites, and the soul media serving the critical intellectual minorities. And that leaves the rest of us with simply nothing. That's a rather gloomy kind of prediction.

Now I want to qualify a little bit some of the things I have said. Recently there have been a number of observers who have said that bias is disappearing in the media. The old days of hard bias have vanished and what you have instead is something much worse. You have a blah neutral, anonymous, white bread quality to the media. They lack any kind of personality. You get mass produced items, mass produced syndicated material which really is far more alienating than anything we could possibly do. These people say it is much better to go back to the old-fashioned authentic editorial bias than to continue with this kind of empty anonymous objectivity which, as I say, frequently deteriorates in kind of compulsive fixation with accurate details. Well, I leave that open to discussion.



I think you can see whereas the media in the past have been criticized for lacking objectively they are increasingly criticized for too much objectivity and lacking any kind of personal commitment.

The second thing I would like to suggest is that twenty years ago the media were criticized for being an extension of class interest. I think a number of people are increasingly concerned about the changing relationship between media and large government bureaucracies. The news is increasingly governmental. As government services expand by very subtle process—I don't think there is anything Machiavellian about this—I think the media are being drawn into governmental bureaucracies so that in the future the problem may not be classed by us in the old-fashioned sense but a kind of tendency to see the world the way government bureaucrats see it.

I think social scientists have exactly the same problem. We are dependent very often on the government for research grants and the problem is how do you maintain your economy and independence? How do you say to the government: that is the wrong question to be asked; another question should be raised. If you say that, you don't get the research grant. I think it is a very similar kind of problem. In another article I have suggested that freedom of the press is threatened in the way that I think freedom of knowledge is increasingly threatened. I do not think the way you save freedom of the press is through the courts. I think the media people have to stop relying on the doctrine of freedom of the press and begin to look at the kind of social alliances they establish with consumer groups or trade union movements or other kinds of social organizations.

I was once vain or foolish enough to suggest that maybe social scientists in my position and journalists in that position ought to really get together and together we might solve the problems of integrity and autonomy. Since we are both increasingly dependent on the government we still feel we have to continue to pursue a kind of critical posture.

Well, what about recommendations? Here I have been very cautious. Again I am not in the business and it is very easy for an outsider to come up with some grand solutions. I think the main point that I would like to get across is that we have to look at the media as a social institution. I think the questions you ask about the media should be the questions

you ask about the family or the church or the school. Now when the problem of merger or chain comes up (I don't think these are necessarily bad) I don't think these decisions should be made solely on the basis of economic considerations. I think we ought to begin to ask what is the social price and if the social price is not very high, okay. But if the social price is high then we say "No, we would not do this to the school and we are not going to do this to the media."

I look to the day when journalists will begin to take themselves far more seriously as a profession. A profession means a commitment to service. I think this does involve far more education, not necessarily in journalism but I think in the social sciences and in the humanities. I think journalists have got to stop worrying about the term "intellectual". I think many of them are going to have to start thinking of themselves as intellectuals and I think this is part of professionalization.

I did suggest earlier that the independence of the media could best be assured when the media have established alliances with other non-profit and non-governmental institutions.

I like the idea of independent evaluations of the media at regular intervals. I think the public should be to some extent involved in independent evaluations of the media.

Last but not least I suggest that there ought to be one Canadian foundation that is willing to subsidize a prestige media. I think we need other models of the media either subsidized by a foundation or a university which would give us our *Christian Science Monitor* or our *Le Monde* which have, I think, kind of a high prestige.

I think I have exceeded my time.

**The Chairman:** You have exceeded your time but it has been most worthwhile and most interesting. I think we would like to ask some questions. I think Mr. Spears has a question.

**Mr. Spears:** This is simply a matter of a correction in the text. Might I point out to the Committee that Mrs. McCormack brought sixty copies of the document with her and discovered some typing errors and went through it by hand and corrected them herself. I think I have found one that she missed on page 14, the last paragraph, Recommendation No. 1...

**The Chairman:** It should be "social" instead of "special". Thank you Mr. Spears.



**Senator McElman:** In your summing up your second reference is to journalists and they must begin to see themselves as other professionals with a commitment to service. Do you not agree there are many, many journalists in this nation today who do see themselves in exactly that fashion and practice their craft in that fashion?

**Professor McCormack:** Yes, I agree they do, but I think they are trapped in an institution which makes it very difficult. It is as if York University were a business enterprise. It makes it very difficult to behave like a professional in a business enterprise. Now again I don't want to sound like a student radical. Many businesses are taking themselves more seriously as professionals and so this line may begin to be a little less obvious. I think many do see themselves as professionals. They have failed to develop professional organizations which behave like other professional organizations. They have failed, I think, to convince the public that they behave like professionals. They have failed to make explicit their own codes of ethics which you have with other professionals.

Now I would hate to see them become like doctors and lawyers where they have to be licensed. I think the modern licence is not the Bar on medical profession but often the Ph.D. I don't think that is absolutely necessary but it may be that as an occupational group becomes a profession they may want to think about something like that.

Yes, I have enormous respect for the tradition of journalism.

**Senator McElman:** We had a good bit of testimony before this Committee which indicates not only the journalists themselves but the establishment of journalists have given a tremendous emphasis to this in very recent years. The recruitment to a large degree is coming from university graduates. I was wondering—it seemed to be a generalized statement you were making—do you find degrees of this or does it relate to the metropolitan areas of Canada and to a lesser degree to the smaller cities?

**Professor McCormack:** This would be a very sound kind of hypothesis. That is you would find the tradition of apprenticeship still surviving in the small areas and in the small newspapers whereas recruitment out of professional schools would be more in the larger ones. I think we need data and maybe you have collected it. When a man becomes a

doctor he remains a doctor for the rest of his life. I have the impression that there is a lot of turnover in journalism and that people drift in and out into public relations or something else. They don't enter it as a vocation, they don't enter it as a priesthood the way doctors and lawyers do. Sure, there is some drop out in the other professions as well but I think the impression in journalism is it is a very unstable kind of occupational group.

**Senator McElman:** The evidence we have taken indicates this too is lessening. I perhaps misunderstood but at page 12 you spoke of the media reflecting "Establishment values" and it reacts in accordance with establishment values. You gave Sir George Williams as an example where you suggested, I believe, they reacted as to the value of the property involved. Are you suggesting they should not have reacted in that fashion?

**Professor McCormack:** Not quite so quickly. What I am suggesting is it was almost a reflex. Now, you know, I think their reflex tends to be in terms of property values rather than human values.

**Senator McElman:** Within the scope of the need for news being almost instant today would that be abnormal for the first reaction to be X million dollars of damage took place?

**Professor McCormack:** I think it is normal, given the values of our society. We do put more emphasis on property values very often than we do on human values. They do the same thing in labour disputes. The emphasis is how much damage there is to the property. Now I reacted in the same way to the Sir George Williams affair and I thought "My God, this is a horrible thing to have destroyed a million dollar computer." Well, you know, what is a million dollar computer in terms of certain kinds of, you know, human resources. I have had fantasies of destroying computers myself when they frustrated me!

**The Chairman:** Where is that reference?

**Senator McElman:** On page 12, the foot of the third last paragraph.

**Senator Everett:** Could you enlarge on that statement?

**Professor McCormack:** That I have fantasies of destroying computers?

**Senator Everett:** The penultimate statement in which you said human resources. I think you indicated human resources in this text

were more important than computer resources.

**Professor McCormack:** I think, you know, the human resources involved may have been the quality of education and what was happening to students in their development and I don't think we look upon people as resources as we do property or mines or minerals.

**Senator Everett:** You find fault with the article because it did not bring out the underlying dissatisfaction of the students in human resource terms?

**Professor McCormack:** It brought out the dissatisfaction but hardly. You know, I don't find in the media any very real understanding of what is going on these days in universities with students and with young people generally.

**Senator Everett:** The articles I have read on that particular subject seem to me to deal quite pervasively with the underlying problem, whether they agreed or disagreed with it. The impression you have is all they were concerned about was the wrecking of the million dollar computer. You may have read it differently.

**Professor McCormack:** I don't think it was, you know, a horribly one-sided version. The students eventually did, I think, get their point across and I think there were enough journalists who were intellectually curious enough to want to find out what the sources of dissatisfaction were. But the sort of gut problem of universities and the gut problems of minority groups in universities are possibly not as well prepared as they might be. I don't find any real discussion on that.

**Senator McElman:** Was not the gut problem here in fact the charge of racial discrimination which had been put under investigation, was then under investigation, and is still being looked at in considerable depth? Was this not pretty thoroughly reported coincident with the damage story even though in sensation understandably, I think, damage got the predominant lead?

**Professor McCormack:** Well, I think that certainly we found out that a professor was accused of racism and an investigation was going on but it is very much the same story as San Francisco State and other universities. Somehow it was not related to what is a social revolution going on.

**Senator Everett:** It seems to me you are talking about two entirely different sections

of the newspaper. In the George Williams episode it would seem in dealing with the underlying causes in terms of hard news you have very little complaint about the way the newspapers handled it. Now your complaint refers to the gut problem, as you put it, of the university student. That would be dealt with on the feature page, that would be an in-depth article. That is not a news item.

**Professor McCormack:** Again this whole distinction about the in-depth versus the quick news, I think that distinction is going to have to break down because increasingly news are these in-depth problems.

**Senator Everett:** But you then are finding fault with newspapers for not reporting hard news because it takes too long. It seems to me there is always going to have to be a division between the news area of the newspaper, which suffers from all its limitations, and the in-depth side of a newspaper which may expand and I suppose we hope it will.

**Professor McCormack:** Again I think here you need a good journalist to tell you the kind of new balance that is going to emerge or has to be developed. I don't think it is enough to say if you want to see in-depth stuff read magazines. They come out once a week or once a month and that is where the in-depth stuff is. The newspaper handles the faster news, the quick bulletins. I think we grew up accepting that distinction and the families subscribe to the magazines and opinion magazines and you also have the daily newspaper with the quick news. The question is what is news? Pollution. You can't begin to discuss pollution without getting into a much more complex problem.

**Senator Sparrow:** It seems to me you are making a very drastic step or jump from the million dollar cost to the in-depth study of in fact why that happened. What difference does the figure of a million dollars make in your opinion? Supposing there had been no dollar value established. Is there any middle line of thinking—malicious damage or vandalism? If we hear of a church being vandalized as such we don't immediately react to the cost of that, do we? Vandalism itself is the factor or the crime aspect that it was against the law. Now we don't initially say "Why did this happen?" An in-depth study would do it.

You say the news reporter was wrong in reflecting what he would think the public interest was and you are saying in theory that is a mistake. Is that right?



**Professor McCormack:** Well, yes. I think this is good traditional middle-class bias. We have a tendency to regard the fever rather than the disease and news is the temperature and not the disease. We get very upset by vandalism because it violates our norms about proper behaviour and property and so forth. We think it is sufficient to say "We think that is bad", but you don't solve problems by reacting to the temperature.

**Senator Sparrow:** But you have to react first, do you not?

**Professor McCormack:** I think you have to see these as signs of a disease in a very clinical sense.

**Senator Sparrow:** In an in-depth study, yes. I can't visualize the press...

**Professor McCormack:** I think the term "in-depth" has become a kind of out for saying "I will do a superficial job and somebody else is going to do an in-depth study." I don't think you can even identify problems these days without a more sophisticated kind of social preparation. One of my beefs—and perhaps this is unfair and I apologize to any journalist present—is the way it is just assumed that anybody can cover urban problems. Your training may have been in sports or something of this sort but you go off and cover a riot. Now when it comes to financial news you always get financial experts to cover financial news.

**The Chairman:** That has been disputed. A lot of people have come and said that is not the case.

**Professor McCormack:** Well, I am impressed by the experts.

**Senator Sparrow:** We had evidence given the other day that some of the better reporters on religious news were non-believers.

**Senator Everett:** I suppose if you were covering a riot it might not be bad to be a good long distance runner.

**Senator McElman:** In your reference to the prestige media I appreciate your approach was that the prestige was established by fellow members of the media. Are there any in Canada today of the major print media that you would classify as prestige media in your terms?

**Professor McCormack:** No. I think Canada has had in the past and they still have, although its days are numbered, a good solid

middle journalism. That is something I would not underestimate. I think there is a good sort of solid citizen middle journalism. I don't think it has prestige media. Now I am not really familiar with the French-Canadian media at all in this respect.

Again if this does not sound like a special pleading I think that the CBC has been for many broadcasters outside of Canada an example of a prestige public affairs journalism.

**Senator McElman:** Are you speaking of both radio and television?

**Professor McCormack:** Yes; but again I would not knock the kind of good middle tradition.

**The Chairman:** Where would you rank the middle tradition? Between the establishment media and the soul media, as you call it?

**Professor McCormack:** I think it is on the side of the establishment. I think it is not always uncritical of elites but by and large it supports good middle-class value such as getting ahead, as finding work, being on time, saving your money and so forth.

The reason I call it "middle journalism" is that I think it is a kind of citizen oriented journalism. What worries me a little bit about the prestige media, particularly something like the *New York Times*, is that I just don't think that it is for citizens anymore. I just don't think the ordinary citizen can read or enjoy the *New York Times*.

**Mr. Spears:** Or *Le Monde*?

**Professor McCormack:** I think you have to be French. There is a whole intellectual tradition there. What worries me about something like the *New York Times* is I think they are elite oriented and not citizen oriented. I would not knock this other tradition.

**The Chairman:** What are the soul media in Toronto, for example?

**Professor McCormack:** They change their names.

**The Chairman:** You are talking about the underground?

**Professor McCormack:** And the student press.

**The Chairman:** Aside from those are there any?



**Professor McCormack:** The kids bring me samples.

**The Chairman:** What percentage of the people in Toronto read the soul media?

**Professor McCormack:** A very small percentage. It goes from hand to hand.

**The Chairman:** Do you see the future of the soul media as expanding and growing?

**Professor McCormack:** Well, it has certainly got its own clientele.

**The Chairman:** It has its own establishment?

**Professor McCormack:** Yes. It is very much in some ways like the Extreme Right. It has its own little mythic world.

**The Chairman:** The question I was going to put to you: Are there examples of soul media which do not exist in that mythic world, to use your phrase?

**Professor McCormack:** Well, I think there is a new kind of journalism developing that you see in someone like John Hersey or Norman Mailer, deeply and clearly committed kind of journalism. It is critical of the status quo but also competent journalism.

I say to the student radical journalists that Marx had an enormous respect for facts. Why don't you go to the British Museum and look at the facts the way Marx did? They don't. They don't have that kind of respect for facts that Marx did. I think some of the people like Hersey and Mailer...

**The Chairman:** And who else?

**Professor McCormack:** I think to some extent Richard Rovere.

**Senator Everett:** How would you relate Pierre Berton?

**Professor McCormack:** Pierre Berton belongs to the very old-fashion tradition of muckraking and it is lovely. It is one of the grand traditions. I think it is a grand tradition which deteriorates when it gets to Vance Packard. I see that as the end of what was a very glorious tradition of muckraking in journalism.

**Senator Everett:** If this new style of journalism is growing, why wouldn't your recommendation, rather than being the ones you have listed on page 15, why wouldn't your recommendation be to let it grow and knock

the mass media aside or cause the mass media to change their approach?

**Professor McCormack:** I don't suggest it be censored or eliminated.

**Senator Everett:** In fact you say it is going to grow. It is in a real growth stage.

**Professor McCormack:** Yes.

**Senator Everett:** In your recommendations you say that there should be government foundations willing to support the prestige press; there should be independent evaluations of the media; stronger alliances with trade unions, consumer organizations and universities.

Surely in your view this is because the mass media do not represent the constituents. If you say the soul papers do represent the constituency and are growing why would your recommendation not be to let them grow and either cast the mass media aside or let them go out of business?

**Professor McCormack:** Well, I have great reservations about this soul journalism and its kind of Apocalyptic visions of social change. I think in its own way it is as irresponsible a kind of journalism as the kind of underground right journalism. I am more interested in you and I being served well.

**Senator Everett:** Would you characterize Mailer this way?

**Professor McCormack:** As serving us well, yes.

**Senator Everett:** Would you characterize him as being irresponsible in the terms you used in reference to the underground?

**Professor McCormack:** No. It is the Berkley Barb and the S.D.S. material.

**Senator Everett:** I thought you said that people like Mailer were an outgrowth of this sort of thing and we were in a new era?

**Professor McCormack:** I think they are another response to the same changes going on in society but I do not link them with the East Village Other, or the Berkley Barb. I think they are good competent professional journalists reviving the tradition of ideological journalism, which seems to me highly professional. I am interested in us being served well and I do not see soul journalism as serving us well. I think it is much too unreality oriented and leaves too much in terms of its own private vision. It is to me quite

unreadable but I am interested in a change in mainline journalism, if you like, mainstream journalism.

**Senator Everett:** Would you say through men like Mailer this is changing?

**Professor McCormack:** Yes, I think so.

**The Chairman:** To my regret we have run out of time. It seems as though we have just begun.

Senator Quart, do you have a question?

**Senator Quart:** Yes, Mr. Chairman. You mention on page 12, Mrs. McCormack: "The other world of the underprivileged, the powerless, the 'have-nots', tends to be ignored."

It seems to me in this day and age they are playing up the poor and the underprivileged and making almost a class war rather than ignoring them. I think the students are getting a tremendous amount of fair play. Much too much as far as I am concerned.

**Professor McCormack:** Here again I think there has been a sudden social conscience which has seized the media. I am somehow put off by a newspaper in Toronto, which shall remain nameless, which has a sort of bleeding heart approach to the poor about once every two weeks but inflicts on me four days a week a business section which I never ask for and which doesn't tell me really a thing about the business world except it is like a sorority newsletter—who is changing jobs, what is going on in what company. It is conscience money. It is conscience journalism. Occasionally they have something about the poor or housing or something of this sort. It is a little bit like the old *Life Magazine* which could publish a terrible picture of human suffering on one page and juxtapose it with some debutante ball in New Orleans. The effect is lost.

**Senator Quart:** Thank you. This is positively the end of my questioning. You mentioned at one stage that newspapers should be available to poorer citizens. How is that? By some government grant?

**Professor McCormack:** I am simply saying that if you are going to talk about democracy and the political responsibility in the mass media then they ought to be available to every citizen. Now the newspaper has been a cheap thing and it has been available to almost all citizens. It has not been economically impossible. I would exclude from a defi-

nition of the mass media something which costs \$1.25 an issue and just is not available to all of us.

**The Chairman:** Professor McCormack, there are a great many additional questions, I realize. Senator McElman?

**Senator McElman:** Would you categorize the *United Church Observer* as soul media?

**Professor McCormack:** I haven't really!

**Senator McElman:** I apologize, Mr. Chairman.

**Professor McCormack:** It is a somewhat facetious term, soul journalism.

**The Chairman:** I think that was a somewhat facetious question.

**Professor McCormack:** I don't want to leave the impression that journalism in Canada is in a desperate state. If I might add I would like to say I think there are distinguished journalists. I think that one of the things which I find very exciting is the new magazine called *Science Forum* which David Sturgeon produces, a magnificent contribution. It is expensive but very fresh and exciting kind of magazine. I think a lot is happening. I would like to see more of the bigger media give help to the littler ones.

**The Chairman:** I am genuinely sorry we can't go on, there are obviously more questions, but in fairness to the other witness who is here and in fairness to ourselves—we have been here since early this morning and have to come back early tomorrow—hopefully you could stay with us and we will be delighted. We are terribly grateful and particularly impressed with the handwritten changes. Thank you very much for a most useful documentation.

I know that Mrs. Evans is here and will you please come forward now.

#### BRIEF OF ALDERMAN UNA MacLEAN EVANS

**The Chairman:** Honourable Senators, if I may call the Session back in order. The next witness is Alderman Una MacLean Evans. Mrs. Evans, or more accurately Alderman Evans, is from Edmonton. I don't know whether you had a chance to read her biography but it tells, I think, a most interesting and impressive story including a degree of involvement certainly in Liberal party poli-



tics. That is where I suppose I first met her more years ago than either of us would care to admit. She is past-president, for example, of the Alberta Women's Liberal Federation. She has been very active in the Federation of Business and Professional Women's Clubs, holding executive position after executive position in that organization. I suppose one of the highlights of the biography was her marriage in 1962 to Arthur Evans, who is a well-known newspaper columnist in the City of Edmonton. She has three children. She has continued her political activities and moved into the municipal scene in 1966, elected as Alderman with over 40,000 votes. She was re-elected in 1968 with 45,000 votes. She is a former member of the Board of Governors of the CBC. All in all a most impressive biography.

Now when the Committee was in its early formative stages it occurred to us we would do well at some point to have someone who has some special interest and knowledge of municipal politics because after all we are ourselves, I suppose, Federal politicians. We felt it would be well if we could find someone who might be able to bring special insight into the media from the viewpoint of municipal politics. Of course, I immediately thought of you because as well as having that particular insight, you have the background in broadcasting as member of the Board of Governors of the CBC and certainly an extensive background in all kinds of women's organizations and women's activities. I must say that the viewpoint of somebody from outside the Toronto-Montreal-Ottawa triangle is always of value. Those are some of the reasons why we asked you and we are delighted you are here.

You have a brief that we have not seen and I would suggest perhaps you read it and we will ask you some questions.

**Alderman Una MacLean Evans:** Thank you very much, Mr. Chairman. Honourable Senators, I very much appreciate your invitation to come to the Committee and I realize that I am perhaps covering ground which you have heard these many times as you have called a great number of witnesses.

I was particularly pleased at the invitation as it recognizes the interest of the municipal level of government. While I cannot say my views are wholly representative of municipal opinion in my part of the country, I did however think you would be interested in a

somewhat representative viewpoint of the aspect which you asked me to touch on—namely—coverage of municipal affairs. I therefore took the liberty of asking my fellow Aldermen, the City Commissioners and one or two other executive officers of the city for their views. Those expressions of opinion are incorporated into the text of what my remarks say and the submission therefore becomes a composite view.

It seems that while coverage of local affairs is high there is not much of municipal interest carried on the wire. One must look to trade journals generally for news of projects or events in other municipalities. The magazine, *Civic Affairs*, carries the kind of story of interest to those in municipal government of what is being done elsewhere to solve problems which are of concern to citizens in most areas—particularly urban—across the country. It seems to me that wire services might usefully carry such articles. Local radio and television stations in Edmonton say the major portion of their news comes from City Hall and accordingly staff are assigned to this beat daily by the two television stations and 6 of the 7 radio stations. The City facilitates this coverage by providing a permanent Press Room with phones for each media outlet, as well as a Press Bench in the Council Chambers equipped with microphone "jacks" so that debate of council may be taped as it takes place. Two television stations also cover council proceedings with sound on camera. Only the French Radio Station does not regularly cover the meetings of council but does so at such times as agenda items interest them. The new TV education channel in Edmonton is due to go on air on March 10th and I do not know at this point whether coverage of council will take place. It might be argued as to whether or not it was educational! In addition to the daily paper which presently has a City Hall staff of three reporters, council is covered by a weekly, and from time to time by student newspapers.

The reporting in Edmonton appears to me generally, to be reasonably accurate, fair and unbiased. Covering of municipal news is generally adequate, the reporters are eager for information and there is no shortage of interest or enthusiasm.

The personalities of the reporters make a vast difference in cooperation. A few have displayed indiscretion to the point of being obnoxious, but this is by no means the general rule. Interviews are requested politely and



by appointment. Interference, accordingly, in daily routines is minimal. Requests for releases at appointed times, when necessary, are normally observed. The withholding of confidential material has not been a problem since a Press Room has been provided.

Alternatively, a lack of training and skills is sometimes apparent. There is repeated evidence that proper English grammar is often lacking. Knowledge of world affairs, and of the political scene Federally and Provincially, is often scanty. Poor grasp of municipal problems in depth shows a lack of a research approach. Skills basic to the journalistic career seem not to have been encouraged. Shorthand, fluency of expression, and interview acumen are not taught, sometimes not even acquired. There is little evidence that these people have an opportunity to grow professionally. There appear to be few if any professional standards. The development of a Press Gallery in Council has opened the way for a code of ethics, but this has been accomplished to fill a need felt by the reporters themselves and has in no material sense been fostered or sponsored by media management.

There is, in my opinion, a need for a school of journalism in Western Canada, where education, skills, polish and expertise can be cultivated. This should be augmented by a faculty of journalism in at least one of our Western universities, so that the journalistic profession can truly develop.

In considering the virtual lack of standards for media personnel Mr. Chairman, your Committee might well consider what attracts people to work for the media. Calibre of staff will depend to a large extent on the inducements offered, and the calibre will, in turn, determine the type of coverage given.

The money, offered is usually no inducement and the media are therefore in a poor position to compete for brainpower and cannot demand professional qualifications in their recruits.

I realize that many of the great newspaper people have not held degrees and that a degree in itself does not often mean too much—depending on the holder. But, people with training in economics, political science, or English to name a few, are unlikely to be attracted to the media with their present scale of pay and lack of prestige. Yet these are the types of people who should be attracted so that understanding and competent coverage of complex issues can be achieved.

Perhaps I have placed too much emphasis on monetary return. However, the former inducements of loyalty to the newspaper tradition seem to be fast disappearing in the face of the increasing emphasis of the importance of the advertising dollar or audience rating versus the importance of journalistic content.

I realize that news media must sell a service to the public. However, subterfuge too often supplants context. There is a grave tendency to use a misleading headline or a fragment of a broadcast item to grasp attention. The sensational often takes precedence over the factual. Controversy supersedes accomplishments. Problems are given much greater priority than solutions. Arguments in Council receive much more prominence than successful decisions.

Editorials show an alarming lack of research depth. If these are to be weighed with credibility, they should be properly researched so that the facts are precise, and conclusions are based upon correct information. Attendance at Council meetings by editorial writers would be of assistance in interpreting events and removing them from their insular position.

There is evidence that management policy dictates choice of news. While Edmonton's single newspaper is surely not as biased as might be expected, certainly municipal information, which is of prime concern to our residents, receives a poor second place. Similarly those opposed to a decision in Council are interviewed, and written up, while those aldermen applying reason and judgment to the solution are ignored. Radio and television coverage of Council meetings evidences a similar pointed discrimination. The aldermen who shout the loudest receive the prime time. The innovator, the leader, the steadying influence, receives little or no attention.

Too often our City is guilty of failing to provide to the media, material which reports progress and development. On the other hand, when coverage is sought it may receive little attention or none at all. The exigencies of the day, rather than the service to the public, determines the degree of coverage. Again controversy is emphasized, not the progress. Edmonton is one of few cities in Canada favoured with a Public Relations Branch in civic service, yet all too seldom is the advice of this office sought or used.

Large urban municipal corporations play an increasingly important role in the lives of

individuals, particularly as the services they provide, the manner in which they accommodate their expansion, and the kinds of amenities which they provide their citizens, determine to a very large degree the quality of his life. It is important then to the municipal body and its citizens that the complexity of problems and the solutions proposed be fully understood by the citizenry who through taxes, foots the bill. It can be argued in economic terms if not in terms of straight community service, that the news media have a responsibility to the municipality in which they exist, to report and interpret issues well, for they are dependent for their own livelihood on a thriving municipality in which the business community itself can grow and prosper.

We should surely, however, if our values are not wholly material, be able to look at responsibility of the press to its community in terms other than purely economic.

Lord Francis Williams of Britain has worked as a journalist and broadcaster. He is a discerning critic and serious historian of the press and among the books he has written is "Dangerous Estate—The Anatomy of Newspapers" published in 1957 by Longmans, Green and Company.

Williams defines the traditional, historic, responsibility of the press as follows:

1. To report honestly.
2. To comment fearlessly.
3. To put no interest, including self-interest, before the public interest.
4. To disclose, disclose, disclose.

These are worthy standards and are useful for measuring the regular day-in, day-out performance of a newspaper.

Does it report honestly and accurately?

Does it report fearlessly but fairly?

Does it put the public interest before its own interest?

Does it disclose wrong-doing as a public watchdog should?

If a newspaper meets these standards then it is exercising freedom of the press in a responsible manner and is entitled to claim with justification that it represents the public interest. However, if a newspaper fails to meet these standards then it is derelict in public duty and cannot claim to represent the

public interest. Instead it is abusing freedom of the press and betraying a public trust.

Editorial integrity is something that a newspaper must earn by performance. The newspaper that lacks editorial integrity will also lack, and deservedly so, the confidence and respect and support of thinking people.

When we talk about freedom of the press, what kind of freedom are we talking about? Francis Williams in his book "Dangerous Estate" goes into this question very thoroughly and I believe it of value to quote his remarks at some length:

"It is useless to criticise the press without relation to its trading position. But terms of trade are not all. The freedom of the press does not exist in order that newspaper owners should grow rich. It is not a possession of newspapers or their proprietors or editors but of the community; won by many who were not journalists, as well as many who were, during that long struggle for freedom of religion, opinion and association and for the independence of Parliament, judiciary and press on which our democratic society rests. Those responsible for a newspaper are in a different position from those responsible for a business who may properly govern their activities by what is commercially advantageous to themselves, their employees and their shareholders: they have inherited other calls on their fidelity. A newspaper must sell to live, but it cannot claim that what sells most is by that fact alone justified. It has other obligations: obligations to the past, for newspapers would never have known independence if earlier men had not been ready to sacrifice themselves for principle; obligations to the present and the future, for the press is as much a custodian of national freedom and the qualities of civilisation as Parliament or the courts. It cannot turn its back on these obligations without reducing its stature, for it is on them that its stature depends.

"Those who control or write for newspapers have no more right to claim immunity from the historical responsibilities of their office on the excuse that these responsibilities come between them and commercial advantage than have Members of Parliament or judges: the positions of all three in our society are analogous, just as the independence of

the press was won in the same struggle as that for a free Parliament and an independent judiciary. The journalist is not buttressed as they are by constitutional safeguards; his status and the principles which must govern him in the exercise of his duties are less firmly rooted in acknowledged tradition and less clearly defined. Unlike them he is a hybrid, a Janus with two faces, a two-purpose beast. He has commercial obligations they do not have. But he has obligations to society not less important than theirs. It is by the manner and degree in which these dual demands are reconciled that the press is properly to be judged. The nature of the reconciliation is not the same for every age, nor is it the same for all newspapers. But its compulsion exists for all and at all times."

Of the submissions made to your Senate Committee I was most impressed by the observations of Mr. B. H. Honderich, President and Publisher of *The Toronto Star*, as reported January 31 this year by the Canadian Press in the *Edmonton Journal*. I should like to quote a few passages from that report:

"He (Mr. Honderich) told the special Senate committee on mass media that there is 'a sort of contradiction' in newspapers between their motives as a profit-seeking business and their responsibility in maintaining a free flow of information and stimulating public discussion.

"The approach a publisher takes towards balancing the conflict of interests determines the newspaper's quality", he said."

This is a crucial point. Newspapers are commercial ventures and must make a profit if they are to survive but the danger is that they can become so profit-oriented that their other rule of informing and enlightening the public may be diminished.

The Commercial nature of their operation identifies newspapers with the business community. Yet they must speak for the whole community and not just the business community or they fail in their responsibilities to the public.

In the words of Lord Pearce, independent Chairman of Britain's Press Council: "It is essential to the freedom of the individual that he should have the press as a spokesman of their rights." But he added that the press has a corresponding duty in maintaining stand-

ards to keep the freedom to which it is entitled.

**The Chairman:** Thank you very much. I think that Senator Quart will begin the questions.

**Senator Quart:** Alderman Evans, you were talking about reporting of your municipal council. It has been said many times it is much more difficult to be elected to municipal Council than it is to be elected to the House of Commons. Well, that has been said many times. It is to your credit what I have heard.

**Alderman Evans:** I tried to be elected to the House of Commons and I was unsuccessful. I would have to say it was the other way about really.

**Senator Quart:** Do you find reporting of the municipal council and your contribution (and I am sure you make a very valuable contribution in participation in municipal affairs) do you find you get the same kind of publicity as the councillors of the male sex? I am not an ultra feminist but I am wondering if you feel that?

**Alderman Evans:** I don't really think it makes any difference. I never felt that there was a differentiation whatever. I think it is the importance of what you say. There are flamboyant municipal councillors of both sexes and certainly they garner their share of publicity in equal amounts and similarly perhaps people with a soft sell approach, or softer approach, more reasonable type of approach. I don't think that is a factor.

**The Chairman:** Senator Sparrow?

**Senator Sparrow:** I would like to open discussion of the TV coverage in your municipal government and your thoughts on that aspect of news coverage. By the way, when did they institute that program?

**Alderman Evans:** That is about five years now.

**Senator Sparrow:** Would you be able to tell us whether there is better municipal coverage now because of the TV cameras? Do you feel it is more creditable coverage than perhaps newspapers?

**Alderman Evans:** I don't really think you can compare television coverage with newspaper coverage because of the lasting coverage of a newspaper as opposed to the fleeting kind of coverage which is possible for TV



cameras. You can only capsule what happens on TV. You could have a rather lengthy story of the same debate in the press. I don't think you can equate them in those terms. However in Edmonton, particularly where there is only one daily, I think the television coverage then becomes the competition that another newspaper would provide and the same is true, I suppose, to a degree, of the radio coverage. I think certainly that television coverage has made a much greater awareness of civic affairs than took place previously and it does not in any way inhibit debate nor I think after an initial settling down does it mean once you realize the cameras are on you you are going to go on forever because once you become boring they will cut off too. I think it has had a salutary effect.

**Senator Sparrow:** Are the cameras working a great deal of the time when council is in session or is it interviews after?

**Alderman Evans:** Both. The set-up is that the mayor and commissioners are in a situation like this. The aldermen facing like yourself and the press bunch right behind and we have a microphone plug-in for tape recorders of the radio station so they are taping the debate and it makes for very lively coverage.

**Senator Sparrow:** And there would be no grand standing of the aldermen in Edmonton that I would be aware of, knowing them all!

**Alderman Evans:** Politicians are politicians.

**Senator Sparrow:** Charles Templeton, on a "Thursday Night" program in January, said survey after survey indicated that TV news is more creditable than newspapers. Would you say that is true in municipal coverage?

**Alderman Evans:** No. I don't think that you can measure the credibility of one against the other. Television coverage is a fleeting thing. It may serve to focus public interest on a certain discussion in council. I would suggest that the public who are interested then go to the newspapers to follow up the more complete report of that particular issue. I have found sometimes that there is a different emphasis put by the television station. Sometimes the press might not cover a particular discussion of council whereas both of your television stations do. I can't see any reason for this but this has been observed from time to time.

**The Chairman:** Senator Everett.

**Senator Everett:** I am referring to the quotation of Lord Francis Williams about the special responsibility of the press. Do you have any thoughts on how this responsibility can be ensured?

**Alderman Evans:** No, I don't. The tradition of the press itself really should ensure it but one really has to wonder if this is a tradition which will continue to endure. I think by and large it has to date. I think this is the best guarantee. I may say, Mr. Chairman, that I think this kind of self examination which your Committee is bringing about of the press itself is the kind of examination which the press gives to many issues on which it reports. The focusing of the public attention will certainly serve to strengthen that newspaper tradition on the part of the newspaper people themselves. It does seem to me that there is a bettering of the standards of our local paper in the latter months and whether it is the outcome of this or not I don't know. It is difficult to guarantee this kind of thing by other than the standard of the press itself. Of course, you may be referring to press councils and this sort of thing, which I think would be helpful.

**Senator Everett:** It was really to get your ideas of how it might be ensured. Dalton Camp this afternoon said, I think, that the press should be left alone and that the check on the press is the reader really, the person who is influenced by the press. Professor McCormack, on the other hand, in her submission, which I think you heard...

**Alderman Evans:** I heard part of it, yes.

**Senator Everett:** Feels there has to be stronger alliances with trade unions and other non-profit organizations; a foundation willing to support a prestige press and so forth and so on. She almost finds herself on the other side from Dalton Camp. I wonder where you feel you would stand on the matter?

**Alderman Evans:** I suppose somewhere in the middle.

**The Chairman:** That is spoken like a true Liberal.

**Senator Everett:** What did you say your last majority was?

**Alderman Evans:** 45,000! I don't really see the newspaper in alliance with organizations such as trade councils and those sort of things. I think their independence certainly has to be preserved. I don't think they can be

left alone by public opinion. I think they must be subject to the same kind of public scrutiny, which as I said previously, their focusing on events brings to the events themselves. I think that this will probably be the greatest balancing factor but it is not something that, you know, can be just left to happenstance. I suppose symposiums on the press in local communities, panels on responsibilities of the press by extension departments of universities, by people in public bodies, if you like, will serve to make the press aware that there is a concern and hopefully they would react in a responsible manner to this kind of opinion.

**Senator Everett:** Do you think that a chain ownership or a normal ownership, cross-media ownership makes the problem of the special responsibility harder to solve or does it really matter?

**Alderman Evans:** Oh, I think it does make it harder to solve, particularly the cross-ownership of media, and then even more particularly when the media ownership is combined with other business interests, communications industries and this sort of thing. When you have a strong commercial enterprise combined with ownership of the media, naturally pressing towards a business orientation would be much harder for a newspaper to resist.

**Senator Everett:** Have you any concrete proposals in that direction?

**Alderman Evans:** No, I haven't.

**Senator Everett:** I gather you are fairly satisfied with the situation that obtains in Edmonton?

**Alderman Evans:** Oh, I would not say I was satisfied with it but I don't know what can be done. I think that the situation there is not too unhealthy a situation because you have so many radio stations who do serve as a balance to your TV and newspaper. I don't think the kinds of cross-ownership exist to the degree they do elsewhere. There are possibilities, for instance, of some of the radio stations competing for cable television licences. I don't know what effect this would have if cable television were allowed. It is not a situation which seems to me to reflect that much in the kinds of coverage and the orientation to the business community. I think this is a general identity of interest with the business community which reflects in the overall attitude of the press and the coverage that is given.

**The Chairman:** Is this a fair question to ask you or are you giving away trade secrets if we ask you to make a comment on the CBC? When did you leave the Board of Governors?

**Alderman Evans:** In May of last year.

**The Chairman:** Would you care to make any comment on the CBC? I am sure the Committee would be interested in opinions.

**Alderman Evans:** I don't think I want to say anything in a national sense since I am dealing with the municipal level. I was only on the Board for a year and resigned for personal reasons. The local coverage, I think perhaps the training of CBC news people in Edmonton at any rate I would say is superior to the general training of the radio stations and the newspaper.

The newspaper has some highly qualified reporters but this is not a general state and I think the situation is perhaps worse at the radio station level and this may be due to the pay scales. There is certainly a protection of tenure in the CBC that is not possible to reporters in the radio business or the newspaper business in Edmonton because of union membership. Also I think there is a possibility of a continuing career with the CBC, which I think the previous speaker touched on. People who are coming in and out of the trade. I don't think in the CBC—and this again is a purely local observation—you see it as a stepping stone into public relations or into some other field. It becomes a career in itself. I think this used to be true of the newspaper business but the turnover of reporters in Edmonton at any rate would seem to indicate that there is not the dedication to newspaper work as a continuing career that obtained even twenty years ago.

**The Chairman:** Is there an underground newspaper in Edmonton?

**Alderman Evans:** Not at the moment.

**The Chairman:** Has there been one?

**Alderman Evans:** Briefly.

**The Chairman:** Has it gone out of business?

**Alderman Evans:** Yes.

**The Chairman:** There is none now?

**Alderman Evans:** No.

**The Chairman:** Have any of the other Senators questions to ask?

**Senator Sparrow:** In quoting Lord Francis Williams on page 6 of your Brief you mention:

"Williams defines the traditional, historic, responsibility of the press as follows:

1. To report honestly.
2. To comment fearlessly.
3. To put no interest, including self-interest, before the public interest.
4. To disclose, disclose, disclose."

Then it goes on... These are worthy standards. Are you still quoting him "These are worthy standards"?

**Alderman Evans:** No, that is mine.

**Senator Sparrow:** The four questions you ask:

"Does it report honestly and accurately?"

Can you answer "Yes" or "No" to each question of your local press? I would ask you your opinion of the press on a national basis?

**Alderman Evans:** No. I am not trying to be political when I say "Not always". I don't think you can give a "Yes" or "No" answer. I don't think it always does report honestly and accurately. I don't know if you are looking for examples. I could cite some if you want that type of thing.

**The Chairman:** Why don't you go ahead?

**Alderman Evans:** This doesn't deal with a municipal story. There was a case of the Treasury branches in Alberta before the Supreme Court of Canada and there was a split decision on the validity of the Treasury Branches. The front page headline was "Treasury Branches Illegal" and then the lead of the story. You got to the third paragraph and you found this was a minority opinion of the Court. This is a rather glaring example of this kind of thing. It doesn't happen too often but that type of thing really cannot be an honest or accurate reflection of that particular decision.

Fearlessly but fairly...I think it tries and I would suspect looks on itself as a fearless press but again I cannot cite an instance of courageous journalism of the kind which obtained by the *Edmonton Journal* in 1935 when it won a Pulitzer prize for coverage of the Social Credit phenomenon in Alberta.

Does it put the public interest before its own interest? Again I think it probably conscientiously tries but it is, I suppose, a psychological equation with the interest of the business community as opposed to the broad segment.

Does it disclose wrong-doing as a public watchdog should? Again I think it tries but not in the old sense of journalism.

I have said—To disclose, disclose, disclose. There is a movement in Western Canada at the moment and since you are from a neighbouring province you may have heard of it. It is a Committee which is formed in Calgary to research whether Western Canada can stand as an independent entity and yet the papers have said that this is a broadly-based Committee in the City of Calgary and yet only one name has been mentioned. The backers have not been disclosed.

**The Chairman:** Who are the backers, do you know?

**Alderman Evans:** I don't know. The statement has been made by people opposed to this, even this kind of research, and one wonders if...

**Senator Sparrow:** Is it one Prairie Province you are speaking of? Is that the Committee?

**Alderman Evans:** No; whether Western Canada could stand as a separate entity.

**The Chairman:** Have you heard any names mentioned as a backer?

**Alderman Evans:** No. The question has been raised in Edmonton: Are these American oil interests? It seems to me a legitimate question for the press to answer.

**The Chairman:** Does the press know?

**Alderman Evans:** I don't know but there is not any evidence they have attempted to give that answer to the public anyway. This is the kind of think I mean when I say "Disclose, disclose". Don't take the striking and not get down to the base of some of these problems.

**The Chairman:** I want to return very briefly to this question of municipal politics. You, as an Alderman, I am sure are interested in what is happening in municipal governments, in Toronto, Vancouver and Montreal. How do you find out? Through trade books?

**Alderman Evans:** You have to largely. Sometimes you will find it in *The Financial*



**Post.** There might be something but it is really through trade and professional drills that you find it. For instance, we are embarking on a rapid transit and I would be interested in other municipal experiences in this field yet I would have to go probably to engineering journals to find articles.

**Senator Sparrow:** Would *Civic Administration* be one of the papers?

**Alderman Evans:** It is about the only one I can think of offhand that deals specifically with civic problems and solutions.

**The Chairman:** You could hardly expect the *Edmonton Journal* to carry news of the Toronto City Council.

**Alderman Evans:** No. For instance, the urban renewal programs in Halifax is something that might be of national interest. You do get coverage but it is just tidbit coverage—four and a half miles of Toronto transit going to cost 79.5 million dollars—capsule items. I find, for instance, and Senator Quart might bear me out on this, that on the women's pages you do have stories of sociological implications of experiments that are taking place in other parts of the country. This doesn't seem to carry in other areas. For instance: How does the City of Hamilton solve its pollution problem? What might Edmonton or Calgary learn from this? How are the water resources of the different provinces handled?

**Senator Quart:** That may be why so many men read the women's pages now. They do.

**The Chairman:** Do you think how Hamilton solves the pollution problem would be of interest in Edmonton?

**Alderman Evans:** Yes, I do. The kind of interest that is evidenced is that recently one of the members of Parliament had 68 hundred communications on pollution. That is a fairly widespread public interest on that particular problem. Now I don't know that you can expect the press to gauge—I suppose it should be able to gauge what is of public interest and give its readers stories of this kind.

**The Chairman:** Thank you. Are there other questions?

**Senator Everett:** Can you tell me if in your judgment the *Edmonton Journal* is doing a good job of educating the Edmonton public in urban problems? I am talking not about

reporting what goes on elsewhere but the general urban problem of Edmonton?

**Alderman Evans:** I think not in terms of saying to itself: We will follow this program of general education in our urban problems on a systematic basis that here are transportation problems, here are communication problems.

**Senator Everett:** I am talking about a series of features?

**Alderman Evans:** No. I mentioned that perhaps municipal councils might do more themselves in giving seminars on background information on city utilities, transportation problems and problems of budgeting and this sort of thing. What the tax dollar means in terms of service to the individual taxpayer in terms of the amenities his community does provide him. This type of thing. It perhaps might be there could be a greater kind of co-operation fostered by municipal governments themselves to provide this kind of educational process.

**The Chairman:** Senator Quart has one little question.

**Senator Quart:** Alderman Evans, do you think that the average Canadian woman today is interested in the financial pages of the business section of newspapers? I am and I was wondering...

**Senator Smith:** You have a lot of money!

**Senator Quart:** No, I haven't.

**Alderman Evans:** No. I don't think the average Canadian woman is nor do I think the average Canadian man is.

**Senator Quart:** And the sports pages—don't you think women are interested in sports too? I am.

**The Chairman:** Do you think the average Canadian woman is interested in the average Canadian women's pages?

**Alderman Evans:** I think so because the women's pages are getting away from the traditional social coverage. They are getting down to really good articles: a series on day care centres, what is being done for disadvantaged children, programs of social service obtaining not only in the local community. I think the women's pages, certainly in Edmonton, are broader...

**The Chairman:** Do you think these things are as well read as the Astrology column?

**Alderman Evans:** I doubt they are as well read as Ann Landers.

**The Chairman:** Perhaps before we get into Ann Landers I might adjourn the meeting and before doing so I want to thank you, Mrs. Evans. Thank you for coming, we are very grateful.

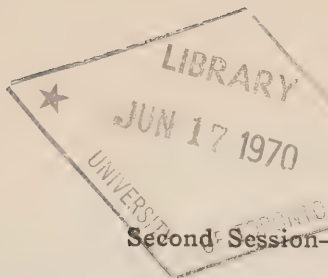
Tomorrow morning at 10:00 o'clock we will be receiving the brief from the Graphic Arts

Industries Association. At 11:15 a brief from Professor Thomas L. McPhail, Department of Sociology and Communication Arts at Loyola University.

I am sure the Senators know there is a very important meeting at 2:30 tomorrow with Pierre Juneau and the C.R.T.C.

The meeting is adjourned, thank you.

--The meeting adjourned at 10:15 p.m.



Second Session—Twenty-eighth Parliament  
1969-70

THE SENATE OF CANADA  
PROCEEDINGS  
OF THE  
SPECIAL SENATE COMMITTEE  
ON  
MASS MEDIA

The Honourable KEITH DAVEY, *Chairman*

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No. 26

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THURSDAY, MARCH 5, 1970

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WITNESSES:

*Graphic Arts Industries Association:* Mr. David Maclellan, General Manager; Mr. Donald Miller Alloway, Senior Vice-President; Dr. Melvin O. Edwardh, Member; Mr. Pierre Des Marais, Vice-President.

*Mr. Thomas L. McPhail, Professor, Department of Sociology and Communication Arts, Loyola College.*

*Canadian Radio-Television Commission:* Mr. Pierre Juneau, Chairman; Mr. Harry J. Boyle, Vice-Chairman.



SPECIAL SENATE COMMITTEE ON MASS MEDIA

The Honourable Keith Davey, Chairman

The Honourable L. P. Beaubien, Deputy Chairman

Beaubien,  
Bourque,  
Davey,  
Everett,  
Hays,  
Kinnear,  
Macdonald (*Cape Breton*),  
McElman,

Petten,  
Phillips (*Prince*),  
Prowse,  
Quart,  
Smith,  
Sparrow,  
Welch.

(15 members)

Quorum 5

## ORDERS OF REFERENCE

Extract from the Minutes of the Proceedings of the Senate, Wednesday, October 29th, 1969.

"With leave of the Senate,

The Honourable Senator Davey moved, seconded by the Honourable Senator Lang:

That a Special Committee of the Senate be appointed to consider and report upon the ownership and control of the major means of mass public communication in Canada, in particular, and without restricting the generality of the foregoing, to examine and report upon the extent and nature of their impact and influence on the Canadian public, to be known as the Special Committee of the Senate on Mass Media;

That the Committee have power to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of the inquiry;

That the Committee have power to send for persons, papers and records, to examine witnesses, to report from time to time and to print such papers and evidence from day to day as may be ordered by the Committee;

That the Committee have power to sit during adjournments of the Senate and that Rule 76(4) be suspended in relation to this Special Committee from 9th to 18th December, 1969, both inclusive, and the Committee have power to sit during sittings of the Senate for that period;

That the papers and evidence received and taken on the subject in the preceding session be referred to the Committee; and

That the Committee be composed of the Honourable Senators Beaubien, Davey, Everett, Giguère, Hays, Irvine, Langlois, Macdonald (*Cape Breton*), McElman, Petten, Prowse, Sparrow, Urquhart, White and Willis.

After debate, and—

The question being put on the motion, it was—  
Resolved in the affirmative."

Extract from the Minutes of the Proceedings of the Senate, Thursday, November 6th, 1969.

"With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Smith:

That the names of the Honourable Senators Giguère and Urquhart be removed from the list of Senators serving on the Special Committee of the Senate on Mass Media; and

That the names of the Honourable Senators Bourque, Smith and Welch be added to the list of Senators serving on the said Special Committee.

The question being put on the motion, it was—  
Resolved in the affirmative.”

Extract from the Minutes of the Proceedings of the Senate, Friday, December 19th, 1969.

“With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Langlois:

That the names of the Honourable Senators Bélisle and Phillips (*Prince*) be substituted for those of the Honourable Senators Welch and White on the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—  
Resolved in the affirmative.”

Extract from the Minutes of the Proceedings of the Senate, Tuesday, February 3, 1970.

“With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Langlois:

That Rule 76 (4) be suspended in relation to the Special Committee of the Senate on Mass Media from 10th to 19th February, 1970, both inclusive, and that the Committee have power to sit during sittings of the Senate for that period.

After debate, and—

The question being put on the motion, it was—  
Resolved in the affirmative.”

Extract from the Minutes of the Proceedings of the Senate, Thursday, February 5, 1970.

“With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Haig:

That the names of the Honourable Senators Quart and Welch be substituted for those of the Honourable Senators Bélisle and Willis on the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—  
Resolved in the affirmative.”

Extract from the Minutes of the Proceedings of the Senate, Tuesday, February 17, 1970.



“With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Connolly (*Halifax North*):

That the name of the Honourable Senator Kinnear be added to the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—  
Resolved in the affirmative.”

Extract from the Minutes of the Proceedings of the Senate, Tuesday, March 3, 1970.

“With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Denis, P.C.:

That the name of the Honourable Senator Langlois be removed from the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—  
Resolved in the affirmative.”

Extract from the Minutes of Proceedings of the Senate, Tuesday, March 3, 1970.

“With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Denis, P.C.:

That Rule 76 (4) be suspended in relation to the Special Committee of the Senate on Mass Media from 4th to 13th March, 1970, both inclusive, and that the Committee have power to sit during sittings of the Senate for that period.

The question being put on the motion, it was—  
Resolved in the affirmative.”

ROBERT FORTIER,  
*Clerk of the Senate.*



## MINUTES OF PROCEEDINGS

THURSDAY, March 5, 1970.  
(26)

Pursuant to adjournment and notice the special Senate Committee on Mass Media met this day at 10.00 a.m.

*Present:* The Honourable Senators: Davey, (*Chairman*); Beaubien, Kinnear, McElman, Quart, Smith, Sparrow and Welch. (8)

*In attendance:* Miss Marianne Barrie, Director and Administrator; Mr. Borden Spears, Executive Consultant.

The following witnesses were heard:

Mr. David Maclellan, General Manager, Graphic Arts Industries Association;

Mr. Donald Miller Alloway, Senior Vice-President, Graphic Arts Industries Association;

Dr. Melvin O. Edwardh, Member, Graphic Arts Industries Association;

Mr. Pierre Des Marais, Vice-President, Graphic Arts Industries Association;

Mr. Thomas L. McPhail, Professor, Department of Sociology and Communication Arts, Loyola College.

At 12.40 p.m. the Committee adjourned to 2.30 p.m.

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At 2.30 p.m. the Committee resumed.

*Present:* The Honourable Senators: Davey, (*Chairman*); Beaubien, Everett, Kinnear, McElman, Quart, Smith and Sparrow. (8)

*In attendance:* Miss Marianne Barrie, Director and Administrator; Mr. Borden Spears, Executive Consultant; Mr. Yves Fortier, Counsel.

The following witnesses, representing the *Canadian Radio-Television Commission*, were heard:

Mr. Pierre Juneau, Chairman;

Mr. Harry J. Boyle, Vice-Chairman.

The following witnesses, also representing the *Canadian Radio-Television Commission*, were present but were not heard:

Mrs. Pat Pearce, Member;

Mr. Harold Dornan, Member;

Mr. Real Therrien, Member.

At 5.45 p.m. the Committee adjourned to Friday, March 6, 1970, at 10.00 a.m.

ATTEST.

Denis Bouffard,  
*Clerk of the Committee.*





## SPECIAL SENATE COMMITTEE ON MASS MEDIA EVIDENCE

**Ottawa, Thursday, March 5, 1970.**

The Special Senate Committee on Mass Media met this day at 10:00 a.m.

**Senator Keith Davey** (*Chairman*) in the Chair.

### BRIEF OF GRAPHIC ARTS INDUSTRIES ASSOCIATION

**The Chairman:** Honourable Senators, if I may call the meeting to order. This morning we received a brief from the Graphic Arts Industries Association. Seated on my immediate right is the General Manager, Mr. David Maclellan. On his immediate right is Mr. Pierre Des Marais, Vice-President of the Association. On my left is a member of the Association Dr. Melvin O. Edwardh.

Mr. Maclellan has explained to me that although he is going to be the chief spokesman now that that had really not been the intention of the Association. The chief spokesman was to have been Mr. Donald Alloway. Mr. Alloway may yet arrive but unhappily he was flying from Boston to Montreal and could not land so he may be in Boston or in Montreal and he may be here or he may not. We are sorry. I understand there was a request that we might delay this hearing until 11:00 o'clock and perhaps hear the other briefs later but that has not been possible because we could not contact the other witness. I know you are sorry that Mr. Alloway is not here and so are we.

The brief which was requested was received and presumably read by the Senators. It has been circulated to them. I would suggest that you could now make an oral statement on anything you might wish to say and then we will turn to the questions on your oral statement and perhaps some of the things in your brief. Thank you for coming.

**Mr. David Maclellan, General Manager of Graphic Arts Industries Association:** Thank you, Senator Davey. If I could explain very

briefly, our Chairman, Mr. Alloway, is much more knowledgeable than I or perhaps the rest of us from the standpoint of our Association because he is both a substantial printer and one who is very largely involved in printing educational material. Mr. Des Marais, on my right, is a large printer operating in Quebec and Dr. Edwardh is Vice-President Publishing and a Director of W. J. Gage Limited, a very large textbook publisher.

Now our feeling is, if there is a mass medium in our society, that it is the textbook or educational materials generally. When we are educating young people en masse many things flow from this. While our initial interest is obvious as printers and manufacturers of materials we have tried to approach this on the plane of Canadian citizenship and the impact of the mass medium and the origin of the mass medium in this context.

Now I have a brief summary which I might refer to but it has not been circulated, sir.

**The Chairman:** The Senators have it now.

**Mr. Maclellan:** I will just read it:

"This brief opposes the growing domination of mass instruction in Canadian schools, colleges, and universities which is being imposed by educational materials which originate in a culture other than our own, which lack Canadian facts and a Canadian point of view, and which also serve in many cases to promote the national interests of another country.

We recommend that this Special Senate Committee should

(a) urge the Department of Education in each province to seek reasonable, appropriate ways and means of encouraging Canadian authorship at all levels of education;

(b) urge the Canada Council to make grants to qualified Canadian scholars for research and writing directed to the preparation of text and reference books, with

excellence and Canadian orientation as two of the criteria;

(c) urge the existing council of provincial ministers of education, the individual provinces, and The Canada Council to explore cost-sharing formulae with Canadian book publishers, since genuinely Canadian works of high standard—whether in English or French—should reasonably be expected to be used by several or many provinces; and

(d) urge the entire educational community, and all professors and teachers in particular, to seek and to use aids to study and teaching which honour the heritage of Canada and reflect those qualities in Canadian life which persuade the majority of our people to live out their lives as citizens of this great land, which commands and deserves our common allegiance."

We have put our recommendations at the end of the brief. We recognize that the field of education is a provincial one but on the other hand there is a need for public awareness and perhaps for awareness in the Senate and in the Parliament of Canada and in the Parliament of the Provinces for focusing attention on this problem today. Some encouragement might be given to the provinces to take initiatives to co-operate to help to redress the balance in Canada's favour.

Therefore, Senator Davey, we bring the problem to you and as I understand you have read the brief I won't recapitulate all the details. I do want to emphasize that there is a dearth of reliable statistics involving printed materials in this country. If you want very detailed statistical evidence it is difficult to obtain. Our own Department of Industry, Trade and Commerce is just now commissioning a depth study of the book industry at substantial expense in order to find out more detail factual information. So very largely we have to deal in terms of general knowledge and this is where we are at the moment, sir.

**The Chairman:** Thank you very much, Mr. Maclellan.

Perhaps I may be allowed to make a very brief explanatory statement. When I made my original speech in the Senate last February, I did not include within the terms of reference book publishing, either generally or textbooks. I think that perhaps this may have been a mistake on my part; although the Senators knowing the schedule may be

delighted I did not include books. Nor did I include films. In any event, our terms of reference do not encompass a study of the book publishing industry, films, or textbooks. Notwithstanding that we are delighted you are here and welcome you.

You have made a point, it seems to me, that textbooks are in fact part of the mass media so the point of explanation I make is in no sense to say you are not welcome. We are delighted you are here and we are certainly going to have questions for you. I do think you should understand that many of the points you are making, quite apart from provincial ramifications, perhaps are without our terms of reference. Notwithstanding that we will proceed.

**Mr. Maclellan:** Perhaps I might say in reply, Senator Davey, we did understand this when we discussed our appearance and we have in the brief tried to deal with the larger picture of education today. We are in the area of television and many other things whereas in the past educational aids consisted entirely of printed matter. Here we are faced with a changing technology which blurs the lines and definitions.

**The Chairman:** This was no doubt an oversight on my part but I just thought we should have our position on the record and we are delighted you are here. Senator Sparrow I think has the first question.

**Senator Sparrow:** Perhaps the delegation, with your explanation, will bear with us in not having really studied the background of textbooks, particularly the reference to school textbooks in Canada.

I might say that it is a very interesting brief and the first one we have had in this particular line. Although, as the Chairman said, it really is not in our terms of reference, I think it is going to be valuable for us to have some background on this.

To extend verbally from your brief as such and being aware that we are not in fact reviewing or studying this particular aspect, have you recommendations to make as to what the media, that we are in fact studying, could do in this regard—like newspapers, TV and radio—to extend their services, to at least try and cover these areas of concern that you have. What can they do?

**Mr. Maclellan:** I think, Senator Sparrow, the answer would be very simple, although we have not framed a recommendation here I would be quite correct in inter



preting the feeling of our industry in that anything the mass media, in the context you are referring to, could do to enlighten Canadians on this subject will be a tremendous contribution to our society. Many, perhaps, are aware of particular educational materials that are not Canadian and may have expressed opinions about this. Whether they realize the magnitude of the problem is another matter and here I think our newspapers and television and so on could do a great service in acquainting people of the facts, whether they hold an official position or are ordinary citizens.

**Senator Sparrow:** Are you familiar with educational television in Canada and do you have any recommendations in that regard, bearing in mind the provincial responsibility and the national TV?

**Mr. Maclellan:** We would not officially have opinions on this. It may be that Dr. Edwardh, a man who has spent his life in the educational field, might have some personal comments. I don't know.

**The Chairman:** Dr. Edwardh?

**Dr. Melvin O. Edwardh, Member of Association:** I have some very strong prejudices from my experience on educational television in Canada. I think we have neither extended the energy, the money or the talent to produce a quality that will grip the youngsters in the classroom. This is a very broad jurisdiction and I think we are learning but we have a long way to go to get the quality that is necessary.

May I refer, Senator Sparrow, to your first question? Another strong feeling that I have, I am concerned that the scholarship of Canada is encouraged and that they have a chance to speak and have the time to look at the Canadian scene. I think that the other media have a great responsibility to give time and money to give us this scholarship about Canada and in this way the values which are Canadian will come through and the myth which comes from abroad will be dispelled.

**Senator Sparrow:** What can the newspapers themselves do to counteract this, this non-Canadian content as far as textbooks are concerned? Do you feel newspapers are doing a good job in this field and if not what areas can they do a better job in?

The newspapers tell us they have a school program as such and there are current event

classes in school and so on and the newspapers feel they are playing a part in this. Do you buy this?

**Dr. Edwardh:** They do have this part. Let me put it in the context I see developing. I think the schools of Canada in the next ten years will spend a great deal of time on Canadian issues and Canadian problems. To get the resources and information to study this intelligently and evaluate it is very difficult in many of the schools. The information is outdated very quickly. I think the newspapers could carry documentaries of information on some of these issues as well as TV and educational television.

Let us talk about urban problems, the Indian problem, the problem of pollution. We get articles that express opinions without the evidence that I think is necessary to give youngsters a chance to be critical and assess the situation. I would like to see scholarship in the newspapers and national magazines done by scholars in the field.

**Senator Sparrow:** You refer, of course, to the influx of predominantly American textbooks, more so in the last few years. Originally you suggested it was an influx of English material. I would not gather from your brief you are suggesting any legislation to prohibit this but it is a matter of trying to encourage greater Canadian participation in the writing of Canadian text. What about the influx of American primarily and again to a degree English teachers and professors in our school system? What stand should be taken in that regard? Do you have a particular stand on that? Are you just saying discourage this influx?

**Mr. Maclellan:** As far as the Association is concerned we have no inclination to prohibit anything. We recognize this is a free society and we hope in the free part of the world. We trade with other countries and we hope to export Canadian materials. We are not thinking of prohibiting. We are trying to look at the positive side with regard to American teachers and professors in our educational institutions. At the moment statistics are not abundant. We do refer to the Matthews and Steele book and feel that it is only human and cultural that the American professors will give as assigned reading materials with which they are familiar and these almost inevitably will be American text. This is bound to happen but as for statistical proof at the moment we cannot hand this to you.

There is reference here, as I say, to the Matthews and Steele book and we have, I think, referred to a particular page, the first page, about the number of university teachers who are Canadian and who are non-Canadian. We would leave it to you to draw a reasonable conclusion.

**Senator Sparrow:** You make reference to the fact that an American teacher or professor has a tendency to use American texts because they are familiar with them and familiar with the authors.

**Mr. Maclellan:** He might or might not. I would assume the average American professor coming here would not be familiar with MacGregor Dawson's works on Canadian Government or other Canadian works on Political Science.

Senator Davey, may I interrupt to say that Mr. Alloway, our Chairman, has just arrived.

**The Chairman:** Mr. Alloway, welcome. Because of our timetable we have been forced to proceed without you. About the only thing I should update you on is a statement I made at the beginning. Much of the material covered within your brief probably falls outside our terms of reference. Notwithstanding that fact, we are delighted you are here and we are interested in the points you are making. Perhaps the fact that book publishing, for example, is not within our terms of reference is my fault. It is regrettable but those are the facts. This is the framework under which we exist. Subject to that qualification we have been proceeding and in your absence Dr. Edwardh and Mr. Maclellan I think have been performing satisfactorily. Perhaps we could continue the questioning. Should we now direct questions to Mr. Alloway?

**Mr. Maclellan:** I think that would be proper. We may want to bounce the questions back and forth.

**The Chairman:** Senator Sparrow, will you proceed then?

**Senator Sparrow:** I will ask a supplementary and then I will pass. With the potential or further potential of educational TV as such that we would expect to see to a much greater extent, the use of it in the future, will this to a degree allay your fears as far as the importation of text from outside the country? Will that solve the problem to a degree at least, as long as there are controls as far as the content, will this help solve the problem?

**Mr. Maclellan:** I would think certainly, sir, the greater use of valid Canadian material the greater help it will be in solving the problem. From a selfish standpoint perhaps I might regret that more printed material is not being used which would cause greater employment in manufacturing plants but that is a selfish consideration. Mr. Alloway?

**Mr. Donald Miller Alloway, Senior Vice-President of Association:** We don't see any significant trend which would reduce the volume of printed media in educational fields; notwithstanding Mr. McLuhan and increase in the use of electronic media. Historical trends that are studied by our industry and being projected in America particularly would indicate the print media in the educational field will continue to increase along with and be a companion to the electronic media.

**The Chairman:** Perhaps I could put this to you, Mr. Alloway: You indicate throughout your brief that the problems you are talking about really pertain far less in Quebec. Could you discuss that with us?

**Mr. Alloway:** I think Mr. Des Marais...

**The Chairman:** This is less of a problem in Quebec?

**Mr. Pierre Des Marais, Vice-President of Association:** We had decided not to go too deeply...

**The Chairman:** Would you prefer to speak in French?

**Mr. Des Marais:** Have you the facilities?

**The Chairman:** Yes, by all means. Just give us a moment. I think we are ready now.

[Translation]

**Mr. Des Marais:** Our presentation purposely does not deal with the Quebec situation in this matter. As far as the question is concerned, it is obvious that educational television is at the same level for Quebec as the rest of Canada. I entirely share the opinion of Mr. Holloway that no matter what McLuhan says, the coming of educational television will not reduce our consumption of printed matter, whether it is school books or what concerns us right now.

[English]

Is this the answer to your question?

**The Chairman:** Not really. I think there is less reliance presumably, in Quebec on American material.



## [Translation]

**Mr. Des Marais:** Of course, we are less subject to a direct confrontation considering the language. However, we have other problems. I should like to emphasize once again that we did not think it appropriate to include in today's presentation these special problems that may probably be of the same nature as those, for instance, of France. It is obvious that in television there aren't that many problems. From the point of view of the material itself, it's a different problem and one that in its outline is the same as that of our English-speaking compatriots, but is different because the material is perhaps more difficult to obtain. Distance certainly has something to do with it.

## [English]

**The Chairman:** Mr. Alloway, I was interested in the brief again, not reading specifically but just recalling it. I read it several times. If the problem pertains less in Quebec it pertains more in British Columbia. Is that a fair statement? If it is a fair statement why would that be the case?

Mr. Alloway or Dr. Edwardh?

**Dr. Edwardh:** I think it is historic in the West. Let me say that most of the graduate students before ten years ago took their graduate work in the United States so connections were made very definitely and specifically and this influence came back. They were trained at Stanford, Berkley and Oregon. I think this is the major reason. The British influence in the West—maybe I should not include British Columbia in this as much as Alberta and Saskatchewan—was never as strong as it was in the East. Our educational system developed under the impact of developments in the United States.

**Mr. Maclellan:** I wonder if I might add something, Senator Davey? Obviously there have been inducements for perhaps more Canadian material in the French language to be produced. For example, during the last war reading material was not available from France. This would encourage French language publishing in Canada. I might also observe with regard to English language that those of us in my generation will recall we grew up with many English publications available such as *Boy's Own*, *Girl's Own*, *Chum*, *Chatterbox*—this type of thing. This was in general use in Canada. Then in the latter 1920's the American material came in: American magazines, American radio, American movies, there was more travel to the

United States, and latterly American television. So that at no point it would seem to be economically possible to develop the distinctive Canadian material in English. We were just from the British influence shifted to the American influence. We are still struggling to bring forward the Canadian identity, the Canadian material.

**Senator Beaubien:** As long as each province buys or can direct the buying of textbooks it would seem to me to be the simplest thing in the world to control the Canadian content. If you can try and control the Canadian content over the year when people can listen to American stations and all that ...after all surely the provinces all buy their own books and they buy books in a large enough volume that it would make it economic to turn them out.

**Mr. Maclellan:** I believe in some cases you have to deal with school boards. To answer your question more specifically, not long ago I happened to meet at breakfast the Minister of Education for New Brunswick, the Chairman of the Provincial Council of Education Ministers from the provinces. He indicated a lively awareness of this problem. I had told him that we expected to appear before the Committee and would be suggesting the Provincial Education Ministers might co-operate. For instance, why shouldn't Quebec and New Brunswick and Ontario collaborate with French language material and help develop the material here.

**Senator Smith:** And Nova Scotia as well?

**Mr. Maclellan:** And Nova Scotia as well, even in Liverpool.

**The Chairman:** How does everyone know where you are from!

**Mr. Maclellan:** By the same token English language material. Perhaps a greater awareness and willingness to co-operate...

**Mr. Alloway:** Senator Davey, Senator Beaubien mentioned the economics being satisfactory to support the volume of books in any given province. This is not in fact so. The volume of textbooks required and the proliferation of titles and obsolescence of knowledge and general reduction in the length of runs that has taken place in the last few years has created an economic problem which the Americans are very well able to capitalize on.

I listened to the Director of Curriculum from British Columbia say to the textbook



publishers that he was himself not happy with the quality of Canadian textbooks being offered and in fact was going to buy more and more from the United States. In addition, the Federal Department of Education in the United States has granted very very large sums to authors to subsidize the production of a science series which are being used in Canadian schools because there is no authorship that can cope or compete with the kind of quality that comes to these particular books.

**Senator Beaubien:** The quality is so excellent?

**Mr. Alloway:** Yes.

**Senator Beaubien:** If the quality is so excellent, we should not complain. It seems to me that the Ministers of Education for the ten provinces could get together and work something out. They could pick, I should think, the best works and have them produced in Canada and put in whatever Canadian content they wanted.

**Senator Sparrow:** I think you made reference in your brief that texts such as mathematics or science is not really your concern. That is an international type of subject and that really is not a matter of concern where that is written or produced.

**Dr. Edwardh:** May I qualify that a little? I think in the physical sciences per se I would have no concern. I think we should gather the best scholarship, the best quality, because the cultural biases are not shown. If you are talking about elementary science where you are developing an understanding of the flora and fauna in your own country I think that it is too bad that youngsters in the provinces study the flora and fauna of Arizona and California. There is an area where there is room for some Canadian publisher.

May I also reflect on the quality, because you have touched on prejudices of mine. I am not debating the quality of some of the new science materials that have come out from the United States after 18 or 25 or 50 million dollars, in some cases, spent on research. They are excellent materials. But we have just as capable authors in many cases but we haven't this aura of research around the project and research is the magical word today and sometimes we bow down before it when really a little further investigation would show it had little relationship to the final quality. So there is a problem here about

the aura of research backed by millions of dollars.

**Senator Beaubien:** You are not suggesting that we spend 50 million dollars, are you, in turning out the books?

**Dr. Edwardh:** My question is we have to spend a reasonable amount of money on research and testing with the students but certainly we don't need to spend that sum to give us the quality necessary.

**Senator Beaubien:** We could do as well on less, you think?

**Mr. Maclellan:** It might be noted that since Sputnik the Americans have become so concerned about education at the Federal level they have pumped billions of dollars into education. A lot of this has gone into the textbook field and there has been a tremendous stimulus to book publishing in the United States. This, of course, again spills over into Canada. There has been a great deal of pump priming at the Federal level in the United States. Of course, our jurisdictional problems are different.

**The Chairman:** I think Senator McElman indicated he wanted to ask a question.

**Senator McElman:** It is a supplementary question on the matter of quality. Getting away for a moment from the quality of the research and the material itself and turning to the quality of the material that you use for communicating—that is the book itself. Has any consideration been given by your industry or in consort with education departments to producing in the paperback quality rather than the tremendously expensive hard cover glossy page type of book that is almost totally used in the schools; taking into account the tremendous increases in the cost of education and the problem this is throughout the whole of our nation and throughout the Continent.

**Dr. Edwardh:** I am just quoting from memory but I think we spend about 1½ per cent of the educational budget on instructional materials, which is a very small per cent. Most of the provinces of Canada have rental schemes worked out related to books and they specify hard cover books to last three and four years. The feeling is this is really more economic than paperbacks. Paperbacks themselves—if you put the quality into the diagrams and the illustrations and you use a quality paper that will last three or four years that is required of a paperback—that is not

that much cheaper than the hard back book. I think if I were running 30,000 copies of a 300 page book and putting the same quality paper, print and diagrams in, I might arrive at a differential of about 40-cents a book and in terms of economics over three or four years there is no economics involved. It is more expensive in many cases.

**Mr. Maclellan:** A very large volume of re-binding is done in the provinces. This is a business in itself—rebinding school books.

**Senator McElman:** I have one supplementary for Mr. Des Marais: I notice at one point in the brief on page 3 it says:

“French Canada escapes the saturation of American educational materials because of its magazines, textbooks and television are distinctly French-Canadian. Recently, however, it was reported by Mr. Paul Gérin-Lajoie that Quebec is in the process of becoming a colony of the French publishing industry.”

It goes on to speak about cultural agreements and so on and the term “dumping” is used of French books into Quebec.

Could you elaborate a bit on that and perhaps suggest what solutions your industry has to this?

**Mr. Des Marais:** Well, Senator, this is an excerpt of a newspaper account. I am not sure exactly in what context it was said. If I might give you my personal answer to your question we, of course, have similar problems as far as manufacturing is concerned and this is the only aspect on which I want to answer at this moment.

The manufacturing aspect is that France, having such agreements with Canada in regard to the export of school books—and I am referring to the absence of any duties of any kind—they have been able to publish some books in France in great quantity and export a very small part of this quantity into Quebec at a much lower price than we could ever expect to produce them.

Really the complete answer to this question would bring me into a discussion of Federal-Provincial jurisdiction and I don't feel that I am in a position to express opinions on this particular problem.

Again manufacturing-wise this is our only concern as far as the Graphic Arts Industries Association is concerned. We would like to produce more in Canada either French or English. As far as French is concerned we have had, particularly since the end of the

war, the wrong end of the deal and we are, I may say, under the cover of French-Quebec cultural exchanges, we are very cautious of not losing any manufacturing advantage that we would have, the very minor manufacturing advantage we would have at this time.

This is a problem that is right in the middle of a huge crisis and depends so much on other aspects so far away from manufacturing it is completely outside the scope of the Graphic Arts Industries Association.

**Senator McElman:** The reason I raise this is that in English language text we have permitted ourselves to reach a disadvantageous point with the great influx of American books and it would seem that perhaps we are just starting into a similar situation and that one should have constructive suggestions to make as to how to prevent this. Instead of Americanization we have the French influence overly stressed in the French language. I was wondering if any of your people have any thoughts as to this? Obviously it is not practical because of the agreements to erect tariff walls, because of the agreements themselves it would be one government policy against another. Is there anything else that is useful from your standpoint that you could do or the government could do?

**Mr. Des Marais:** Senator, if I may refer you to an organization which is a group of French-Canadian publishers. They have been very very active on this problem and to my knowledge they have not suggested at this time any particular way or means of coping with the problem. I know for a fact they are taking a very serious look at the so-called cultural accord between Quebec and France. They are worried from their standpoint and we, of course, from the manufacturing standpoint; but we have not come to any final conclusions or resolutions on this problem.

**Mr. Maclellan:** Senator McElman, in answer to what you are saying I might draw attention to the publicity that appeared in the last few days arising from the meeting of the Canadian Teachers' Association. I have in front of me a clipping from the *Montreal Gazette*, a report in which they spoke about the crucial shortage of French language textbooks throughout Canada:

“The shortage has persisted for many years and there has been no noticeable effort by anyone to remedy the situation.”



The next paragraph says:

"Many French speaking students in Quebec are forced to use English textbooks or poor translations from American books."

Later it says:

"The delegates did manage to establish one thing. No publishing firm is going to put out books unless there is a profitable market or assistance by government subsidies."

The last paragraph:

"The idea of importing more texts from France was shunned by French delegates who insisted that textbook planning for Canada's French schools must bear in mind that French Canada is closely knit to North American trends and aspirations."

On the heels of this report there was a Canadian Press report, dateline Ottawa, and this intrigues me:

"The French language textbook publishers association promised on Saturday (the clipping is dated March 2nd) to produce books suitable for French students throughout Canada not just in Quebec. Peter Coffin, communications representative for the Canadian Teachers Federation, told reporters that the pledge came at the week-end Federation-sponsored Conference on French language texts. To date Quebec texts have not headed the curriculum of other provincial education systems. Instead French students have to rely on French translations of U.S. texts."

I must say when I read of the pledge to produce books suitable for French students throughout Canada I wondered about the economics and how we were going to do this because as the other story mentioned no publishing firm is going to put out a book unless it has a profitable market or is subsidized.

**Senator McElman:** I understand the economics of short-runs and long-runs and so on. Certainly there is not any scarcity in the Province of Quebec of scholars to produce material. I think we can accept that immediately. So it has to be economics. What constructive action has the Government of Quebec taken or does it propose to take to assist your industry in overcoming the economic problem?

**Mr. Des Marais:** Senator, I know of no action at this time. I know it is under study. As far as I can say for the time being I know

they are studying it at our request, this particular problem. There has been no action.

**Senator McElman:** Nothing of the equivalent of Canada Council grants or anything of that nature?

**Mr. Des Marais:** Not as far as textbooks are concerned. In a very minor way as far as other publications of books—novels or essays are concerned.

**Senator Smith:** May I ask a supplementary? How do you think the Province of Quebec, particularly the Minister of Education in Quebec, would view the action of the Canada Council giving a grant to someone to see if they could not produce French textbooks in the Province of Quebec? Would they accept money like that willingly if it were a feasible thing financially from the Federal point of view?

**Mr. Des Marais:** Senator, I would prefer not to answer. You are asking me to comment on what the Minister would have to say. Really I am not that close to the Minister or the Quebec Government.

**Senator Smith:** Perhaps it is a very sensitive area then.

**Mr. Des Marais:** It is.

**Mr. Maclellan:** And even if it is subsidized and the work is produced you have no assurance that the Quebec Government would accept the finished work and put it on the curriculum.

**Senator Smith:** That might be a good thing. It would have to stand on its own merits then.

**Senator McElman:** Even within the provinces you have a very distinct problem at the provincial level. There is no requirement within the curriculum that X book will be used throughout. Is that true?

**Dr. Edwardh:** I think that is true in most provinces. There are what we call multiple authorizations. A school can select from three or four series in a given area.

**Senator McElman:** What efforts are being made to improve on that situation? Or do you seek to improve from your standpoint?

**Dr. Edwardh:** I think educationally, if I may speak, and this is a personal opinion, I think this is found. I think you need a diversity of materials that is related to the needs of the children and the abilities of the



teachers and although it might be strict in one sense in the other sense a series might be authorized as one of the four or more provinces. I am not sure this adds to the expenses or the risk involved.

**Mr. Alloway:** May I comment on that. There seems to be a trend towards proliferating the particular book for a particular province, even within a series. I am speaking from manufacturing and Dr. Edwardh from publishing. I see a book prepared with considerable care and then we see it as manufactured being slightly, and very slightly, amended for two or three provinces. The cost of reproducing this book, for example the Manitoba edition of a book, is a very tremendous cost in terms of the benefit that is to be gained, it seems to us as manufacturers.

I don't know how the pricing is handled at the publishing level but at the manufacturing level short run for a smaller province versus a larger province, if they pay their fair share, is a very heavy cost for making very few number of changes in a textbook. Rather than having a melding of books to suit a number of provinces the direction of the trend would seem to be going the other way.

**Senator McElman:** We have had some excellent research on how and what affects the mind of the very young. Dr. Wilder Penfield's works are outstanding in this regard. Emphasis is placed on those things that you want to last, to imprint them on the youthful mind, pre-school as well as primary. Now in view of I think the accepted fact that at that age level, the pre-school child, TV today is the one that is imprinted; and in primary it is comic books certainly that are imprinting. What effort is your industry making in this area to get Canadian content? Now certainly you are a graphic arts industry and you are interested in television material and you should also be interested in comics, although you are facing a flood of 25 million American. What are you doing in this area?

**Mr. Alloway:** Senator McElman, I am sorry this committee of the industry is not coming before you with a more positive and more optimistic note. I am glad you broaden the terms of reference to mention the pre-school and other areas of influence for the minds of our young people. The whole question I think that concerns this Committee is the mass media in Canada and in a broad sense books—not just educational books but books

are certainly one of those influences and their volume in terms of dollars would suggest (A) they are mass media; and (B) increasingly coming from outside of Canada.

We are making in Canada, as an industry, books per capita about \$1.50. In the United States they are making \$5.00 per capita books. We know we are importing, by the channels we can measure, about \$3.00 per capita and unless we are much more illiterate than Americans there is a gap we cannot measure.

I am suggesting to you that our industry is impoverished in terms of its capability to meet the economics of an industry that is overshadowing us in the United States to the tune of producing one billion dollars worth of books a year against our industry in Canada and we are importing three to one roughly in dollars at the factory level. I don't know the publishing level. I would even go beyond that to say in other areas where you get into the book magazine or however you call pamphlets and hard-bound magazines.

Yesterday I stood beside the mailing machine of a company that is importing *Horizons*. The machine stopped and I looked down and saw the name of a man I knew in Toronto, who is the information officer of a very large company. I knew his initials and address. He is receiving the magazine *Horizons* along with thousands of others produced by a firm American Heritage.

This is typical of the book or the book magazine. I thought it rather symbolic. Here we are a country and our horizon in terms of print media, books and pamphlets and magazines, is symbolized by American Heritage from Marion, Ohio, sending in something in the order of three times everything that is produced in Canada.

This influence is having a profound effect towards continentalism in our continent here both on the young and the old and to an extent I think this Commission would be well to think about and ponder even though we may not, per se as books, simply be within the terms of your reference.

**Mr. Maclellan:** While the examples may be isolated there has been very positive interest taken in producing Canadian material by a number of Canadian companies. I might mention the problem with cut-out material—colouring books and this type of thing that young children use. There is a lot of this stuff illustrated with American heroes and American tradition, the frontier image. Ralph

Clark Stone Limited several years ago started moving into the field and producing folk colouring books and cut-out arrangements illustrating Canadian history and Canadian heroes that young children could use. I know the president of the company was very interested in trying to fill the vacuum with Canadian material.

Dr. Edwardh's company in the field of reference work has brought out in recent years three dictionaries: a junior dictionary, an intermediate dictionary and a senior dictionary. It was, I believe, an American dictionary to begin with but Canadianized and introducing Canadian words and expressions and using Canadian illustrations and suitable for reference use in schools from the lowest level up. The same company has produced a very handsomely bound book of Canadianisms.

From time to time I hear of other companies very interested in supporting something in the Canadian context. Of course, so often problems and answers are economic ones. There is an interest in this. This was encouraged a great deal by our Centennial celebrations. You will recall that 1967 saw a great many more things coming out in the Canadian historical context and then too in recent years we have seen many more Canadian pictorial books that young and old may enjoy. Some are even published by the National Film Board and others commercially published. There is some beautiful work. I hope we will see more and more. Today if you go into book stores although the preponderance of material is imported we do see a good deal more in the way of Canadian books than we did ten years ago. You can go to the two closest book stores and I guarantee you will see many more books today than you did ten years ago although it is still a small percentage of the total.

**Senator McElman:** You have mentioned something I was moving towards. The period of the Centennial, let us say 1966 to 1968, I was going to comment that it seemed to me the industry had missed a golden opportunity when feelings within Canada or pride was running at a much higher level than was ordinary and that although there were many prestige type of books published surely this was the time when your industry should have levelled in on something less than the prestige type of material and got to the younger people, the ones who are going to carry on the Canadian pride and

the Canadian knowledge. Was there not a great opportunity missed or has it been missed?

**Mr. Maclellan:** I don't know it has been missed. I don't know that you can expect in one year, even with a centennial, to see the problem solved. Among our people, as amongst all Canadians, there is more and more conscious Canadianism and we have in recent years seen a trend to encourage more and more Canadian work, people taking pride in being Canadians and writing Canadian work and there is an appetite for it. If we missed something in 1966 to 1968 perhaps we will correct it in 1976 to 1978. I think there is a positive development here and as a Canadian I would hope that this is going to be encouraged in every possible way.

**Senator McElman:** Coming back to another area I mentioned a moment ago—comics. Each day in just about every home the newspaper comes in and the very young turn to the comics. That is about all they turn to and much as we older folk may enjoy Al Capp and Johnny Hart it is all American; isn't it?

**Mr. Maclellan:** Almost entirely.

**Senator McElman:** I recall a couple of years ago in my locality there were strips included with the comics that dealt with exciting times of the fur traders in Canada and they ran for a bit and disappeared. Presumably they originated somewhere from within your industry. What happened? Do Canadians not accept this? Are they not interested in this?

**Mr. Maclellan:** Comics don't necessarily originate in our industry, Senator McElman. This is the work of artists perhaps in collaboration with someone who supplies the narrative. They may sell to a publishing syndicate. We have more than one syndicate in Toronto using American and Canadian material.

One of the problems over the years past has been the lack of support for Canadian material. People are not as interested in it. They are more interested in the battle of the Alamo or some American historical experience. Our Canadian heroes have not been romanticized and there is not the demand.

It is a problem perhaps with our society rather than the industry. We serve all sectors of society and perhaps tend to reflect all sectors of society. Perhaps there should be more initiative but we are, of course, dealing

primarily at the manufacturing level rather than the publishing level; although many of our people are in publishing as well.

**Mr. Alloway:** Senator McElman, I would say the answer to the question is largely economics. I have discussed this with people who have originated comics and we have produced books of this type and they go for a few months and the company goes bankrupt. I can say this from personal experience.

I talked to the president, a Canadian, of a large food chain store in this country during Centennial year, about generating Canadian materials to merchandise through supermarkets. We had a great idea and creative people that would put these packages together. There is no way that our Canadian industry can begin to compete with the manufacturing costs of the product that is for sale in these big stores. There is just not any known way today. We may find some tomorrow and we continue to look and continue to be optimistic but when a consumer has a choice and there is a price differential, and it is very substantial, he simply picks what he believes is more for the money.

**The Chairman:** On the best seller book lists that we see from time to time in the weekend papers do Canadian books ever get to first place?

**Mr. Alloway:** We had a book on "How to Make a Million".

**The Chairman:** Yes, we sure did. Did that go to first place?

**Mr. Alloway:** Yes.

**The Chairman:** How about a book like Pierre Berton's "The Uncomfortable Pew"?

**Mr. Maclellan:** That was a best seller by Canadian standards. Probably went over a hundred thousand.

**The Chairman:** And Peter Newman's book, was it first place?

**Mr. Maclellan:** "Renegade in Power" and "Distemper of our Times" both had a very large sale.

**The Chairman:** And Miss LaMarsh's book?

**Mr. Alloway:** That was a best seller by Canadian standards.

**The Chairman:** Not only a best seller, would it go to first place on the list in Canada, for example?

**Mr. Maclellan:** It might and if not first perhaps second, third or fourth.

**The Chairman:** Would books like "The Bird in the Gilded Cage", "Dis'emper of our Times", "How to make a Million" (Dr. Shulman's book), Pierre Berton's, "The Uncomfortable Pew"—would they sell as many books in Canada as a book, for example let us say "Portnoy's Complaint", to choose one that was a best seller a little while ago?

**Mr. Maclellan:** "Valley of the Dolls" would have an enormous sale in Canada.

**The Chairman:** It would outstrip those other books?

**Mr. Maclellan:** Yes. Senator Davey, I think the short answer is that popular taste does not accept the best quality. If you go to New York or London, the most popular newspaper is not necessarily the best and the most popular movie is not necessarily the best and the most popular paperback would not meet the highest standards. The lowest common denominator is perhaps most economically successful.

**The Chairman:** Would you apply those standards to the Canadian newspaper industry?

**Mr. Maclellan:** No; because in the Canadian newspaper industry you don't have much choice—one or two newspapers perhaps in your area and you are dealing with local news in which you are interested, or Canadian news, and you want it. This is your medium. I don't think this is a valid comparison.

**The Chairman:** Could I ask one other question and then I am afraid we must leave the subject as we have another brief to receive this morning. I will put it to you, Mr. Alloway, and if this is not a question which should be properly put to your group please say so.

Are you able to comment on the graphic standards of the Canadian newspaper industry? Would you care to? Maybe you could but would not care to.

**Mr. Alloway:** I think that comes closer. I was in the newspaper business for ten years but I am afraid I would just as soon not make that kind of comment.

**The Chairman:** Why not?

**Mr. Alloway:** I would not like to make it as Senior Vice-President of the Graphic Arts Industries.



**The Chairman:** Well, make it as an interested citizen. I don't want to embarrass you.

**Mr. Alloway:** I would say in the United States in terms of process per circulation or per newspaper establishment there are more progressive techniques being used from a process standpoint in the United States than in Canada. Their use of photographic material, design and offset reproduction has gone to much more sophisticated length in the United States than it has in Canada. That is simply from the standpoint of appraisal of the quality of the product as a printed medium. I remember eight years ago seeing the kind of pictorial reproduction in a full page of full colour in a small daily in the United States. Canadians hadn't even thought of it yet. That is still a progressive element in the United States in the newspaper industry from a technological standpoint.

**Mr. Maclellan:** Mr. Chairman, as an newspaper editor and periodical editor I would like to give a very explicit personal opinion. On the average Canadian newspapers from the standpoint of graphic art or design or content they are superior to the average in the United States. You may have exceptions but if you go to mid-Western United States and get the local newspaper you would think that you were at the centre of the universe. It is very hard to find news of the rest of the world. Everything is local.

While we have newspapers also that are locally oriented I think we have struck a better balance in national and world news and I think our design, while in many cases this is an assembly line proposition turning out a newspaper overnight in a few hours and everything necessarily done in haste, is fully up to American standards and frequently better. I don't think we need to be ashamed of our newspapers.

**The Chairman:** Fine, thank you.

**Mr. Alloway:** I would be ashamed of a few of them.

**The Chairman:** I won't ask you to identify which ones. Senator McElman?

**Senator McElman:** On page 8 of the brief, there is reference to the considerable number of Americans who are at the university professorial level currently and there is an incident referred to, where someone approached and discussed the selling of American textbooks in Canada. The American professors

usually reply "I know these books, I have used them. I know the authors and publishers."

Obviously the next comment would be:

What in a constructive way has your organization done in approaching the Presidents' Association—for want of the appropriate name—of the Canadian universities; or even the C.A.U.T., the Canadian Association of University Teachers, to overcome what is perhaps a growing attitude in our universities and to get Canadian content, to stress Canadian identity and culture. Have you made such approaches?

**Mr. Alloway:** No, we have not made those approaches. Our customers are the originators of data and of the content of books. They decide what shall be published, what is a manuscript that makes a viable publication. We manufacture it. We package, we are in the information transfer business. We do not originate. For that reason, it is not within our competence to go to the president of the university or anyone who buys books and say "You should buy Mr. X's book over Mr. Y's because Mr. X's book has got Canadian content." All of these people are customers. We can report to you the facts and trends as we see them.

I talked to an American publisher yesterday whose salesman was at McGill yesterday and he was having a great heyday. He said "Our books are going great. The professors in the universities in Canada know them. We send them in singles through the mail. We have no trouble. We don't have to have them stopped at the border. We have no warehousing in Canada. It is a great heyday. They all know them."

We can report the facts but it is very difficult for us to go to the consumer because between us and the consumer is the publishing entity whose judgment it is. It is incumbent on them to make judgment whether something will sell or not.

**Senator McElman:** Surely as a Canadian organization you would have an interest in approaching these people, although I agree you are in the production end, you are not in the originating end of things. Surely you have an interest. You don't hesitate to go to the Canadian Government. I see you have done so very effectively on a number of occasions. You appeared before the O'Leary Commission and the Glassco Commission and

in other ways made representations with exceedingly good effect which proves you are an effective organization.

Would it not be a practical thing for you to actually deal with the people who are making the decisions? The Government is not.

**Mr. Alloway:** I think you have given us a seed for thought. Since you have suggested we are effective maybe we could pick that up.

**Senator McElman:** The record proves that.

**Mr. Alloway:** Thank you. We would wish that some of the comments we are making might be made by the Canadian Book Publishers Council but when you have a Council that is divided and have different viewpoints between the American dominated publishers and the indigenous Canadian publishers it is very difficult thing for them to be as effective perhaps as we are, wholly interested in the Canadian point of view.

**The Chairman:** I think I must intercede at this point and perhaps underline your gratitude to Senator McElman as he has made a most interesting and worthwhile point.

Unfortunately we live in a real world and we have to proceed to another brief. I would thank you all for coming. It has been a most interesting and I think worthwhile presentation. I had not intended to sound negative in the opening statement that I made. I merely felt it was something I should say in fairness and that it should be on the record. I could perhaps compensate somewhat by saying, speaking personally but I suspect that some of my colleagues might agree, I am terribly sympathetic to the position you put forward.

Senators, we have a brief which we are going to receive and I am going to adjourn before we receive it.

—Short recess.

#### BRIEF OF PROFESSOR THOMAS L. McPHAIL

**The Chairman:** Honourable Senators, the second brief we are receiving this morning is one which has been prepared by Professor Thomas L. McPhail of the Department of Communication Arts, Loyola.

Professor McPhail, the brief which you have prepared has been circulated to the

Senators and it has been studied by them and presumably they are ready to ask you some questions. Perhaps before we ask the questions you might like to use some time to amplify your brief or to explain it or comment on it or subtract from it. Perhaps there is something else you might wish to say.

**Professor Thomas L. McPhail:** What I think I will do is provide a brief summary of what is contained in the brief and then go to the particular recommendations of how we can implement the desired solution, which is rather expensive, as you might notice.

**The Chairman:** Yes, by all means.

**Professor McPhail:** You might also notice by the time I finish that I should be sitting to the left of you rather than to your right, considering my solutions.

Initially what motivated me in terms of submitting a brief is that I do teach a course related to the mass media, in which newspapers come under in terms of criticism, terms of style, in terms of force or impact on society.

It became very apparent to me early on in reading the newspapers, especially the reporting on the mass media, that you were getting a great deal of material from editors and a great deal of material from journalists and owners. I am not saying I don't trust them but I do say they have rather selective bias; not that I don't have bias, I certainly do. I have bias like anyone else. I just think that the way of approaching materials in the field of social science gives a better opportunity for being objective and this is an area where we need to be as objective as possible. It allows us to be systematic and select large amounts of data which once again should lend weight to the conclusions.

Now I give three examples within the paper. That is how editors perceive themselves to be fairly objective and yet some of the studies I am aware of indicate this is not true. Editors also claim that computerized projection of election results do interfere with election trends. The studies I am aware of contradict this. I am questioning the role of experience in the news media. I am beginning to say there is a new source of information which is the behavioural science literature. I do not publish papers; I do not influence them to the extent editors and owners do. It is they who should be aware of the new source of information even though



the new source of information frequently conflicts with their traditional values and systems. I intend to think that it is more relevant.

Now coming from this background, that is the social scientist background, but first of all as a Canadian, I come up with three observations about what I think are relative today in terms of trend or changes. First is the news media is obviously generating considerable concern about social problems, whether problems of ecology, pollution, over population. I select two examples—that is marijuana and the police and hippies. I show through the Press you are very much aware, for example, the Chicago seven trial and Judge Julius Hopkins. You are very much aware of these problems. The B.C. Lands and Forests Commissioner and the Quebec City Police. Now this generates concern among the public. The media does this. It raises our expectations, it raises our awareness. But what about the solution? The solutions do not appear to be on the horizon despite the fact that marijuana is a very serious problem. Even more important, the laws on marijuana have become a social problem. It is not the marijuana that is the social problem it is the law on marijuana that is the social problem.

Just as a footnote, I just returned from the University of Illinois where a study was done concerning the usage of marijuana. Freshmen—78 per cent of freshmen students, first year students, had not used marijuana. By the time they go through first, second, third and fourth and two years of graduate school up to the doctoral student who replied, the 78 per cent had fallen to 12 per cent. In other words, there is a direct linear relationship between education and the use of marijuana.

If we ever started to enforce the marijuana laws; for example, if we ever got on a law and order kick we would lose most of the people. That is if we could generalize from the study, which is questionable whether we could.

I am saying that things like this—marijuana—especially in the news media, has raised our expectations that something is going to be done and I doubt whether it will be until more kids of prominent people get busted... unfortunately.

If this is what it takes to change legislation in Canada we are in trouble. Because of the rate of change there has to be a more adaptable system.

The second part of this deals with what I call open line or editorial comment shows. This is more of a personal thing where pseudo-psychologists or pseudo-economists— instant experts on everything—give their opinion using the media and the media tends to lend weight to whatever one says.

Now this indirectly again might deal more with misinformation via mass media rather than information. That is why I call for very highly qualified journalists so they will perceive themselves as professionals and not get caught up in parochialism or patriotism which is involved if you don't have the latitude of being a professional. It is very easy to become a "yes man" if you do not perceive yourself to be professional.

The next general area is the shift in trends to what I call mini-communication. Many editors and owners probably paraded through here claiming "We represent all points of view." I say, "If you represent all points of view why are we seeing small rebel newspapers appearing?" In other words we now have evidence they are not representing all points of view. I think this is the start of the mini-communication revolution whether it is the high school underground newspaper or the paper in Halifax—I don't recall the name offhand. We are going to see more and more of this where newspapermen will break away and start their own mini-presses which again, I think, proves that editors and owners are not meeting the demand of all sectors of society even though they claim to be doing that.

Now the next section is probably the most important as far as I am concerned and that is dealing with software. Here I am talking about Canadian content. Now culture and communication are obviously inseparable. To me as a social scientist you cannot separate communication and culture, they are intertwined. In Canada we do have the best of hardware, we are even getting into the satellite business; but in terms of content we are extremely deficient. What I say we should do is invest upwards of one billion dollars per year for the next decade in order to keep a distinct culture. If we do not do that then why should we continue to pay higher taxes than the United States, even though we are not fighting a major war in Vietnam and even though we are not putting a man to the moon? Why should we continue to pay premium when all we are going to be is carbon copy—or in contemporary language Xerox copy—and Xerox being American is rather appropriate.



I see a severe challenge to our culture. It does concern me as a Canadian and I am not here being anti-American because my graduate degrees are from American institutions. I see, I think, something very worthwhile about Canada that is worth saving, particularly the dual cultures. We are unique and we are going to have to pay a price to stay unique.

**Senator Beaubien:** You mean a higher price than we are paying now?

**Professor McPhail:** A shift in priorities.

**The Chairman:** Perhaps we could go on to the question period in a moment.

**Professor McPhail:** Another thing besides the dollar commitment is obviously there has to be a talent commitment. We need imaginative young people in the media, the various media, and particularly the news media because I think the news media is going to be, in terms of the future, the print industry is going to be in trouble unless they get some imaginative people into the industry.

Now I am Chairman of the largest Communication Arts Department in Canada and we will graduate 40 people with Bachelors and 12 people with post-B.A.'s and we will be lucky if five of those forty-two go into the communication industry in Canada. There are no jobs available in 1970 in the vital area of communications. Try and get a job at the CBC; try and get a job at the National Film Board; try and get a job with one of the cable companies; try and get a job with one of the newspapers. It is extremely difficult. These students, of course, are a little concerned and upset and needless to say I am also. I have raised their expectations through the classroom and said "You are in an area that is going to determine the future of Canada." Do you know what those students will wind up doing? They will be insurance salesmen or high school teachers or airline stewardesses. Now this is a crime.

On the way up here this morning I talked with people in the National Film Board and I have talked with people at the CBC and the austerity program is cultural genocide—an austerity program in the field of communications. You say "Okay where are we going to come up with such large sums of money?" I have several solutions, all of which I doubt will be implemented. The first is we should consider collapsing the Senate. I think it is a subsidy to the past. Secondly, collapse the Department of Veterans' Affairs. We haven't

fought a major war nor do I hope we will get into one. Severely reduce the Military budget. We do not need any more Bonaventures. Probably eliminate the baby bonus. Eliminate subsidies to such industries as the tobacco companies. Have a tax on all foreign companies, a one per cent culture tax. It is bad enough to have Denison Mines sold to the Americans, but it is even worse the fact we don't try and counter-balance the damage done to our culture. We should have a 2 per cent tax on the communications industry within Canada, that is the American, British, German and Japanese firms.

We should consider shifting expense. The National Film Board are now charging rental for films. I, being from Montreal, obviously unable to pay the price but what about the Maritimes? What about the little school district in the Maritimes? What are they going to do? They will drop film from their courses or curriculum... further perpetuating the gap, by government policy. What about in Montreal East, the poorer school systems in metro cities? They will not purchase the films. The suburban schools purchase all they want. Government, by its policy, is creating two cultures. I think counter-cultures are not sub-cultures. We might have irreconcilably different value systems if we are not careful what we do with the younger generation.

I would go so far as to recommend legalized gambling—putting a tax on that; legalized marijuana—and placing a tax on that. Such traditional things as matching grants, tax concessions, paying interest on loans to students who want to go to the communications area, offering fellowships to students, a cross-Canada competition with the 20 best people working for the CBC and the government pays their salaries.

I perceive it to be a very serious problem. I might be wrong; I have been wrong before. I am lucky, I have a Ph.D. and can get a job anywhere in the world but there's not many people with that mobility and I stay in Canada because I believe in the country but 10 years from now I don't know whether I will be able to say that.

There is one other thing that I would like to recommend specifically and that is we institute a Canadian Communications Centre. This is where the government, industry and universities get together to begin a systematic collection of experts concerning new media form. Here we are talking about journalism, new styles; here we are talking about com-

puters and software; here we are talking about satellites and cassettes. We do desperately need an institute of Canadian communications. Where can you go to get that type of information? You can get the odd course here or there and you can get the Bachelor's degree at Loyola but you won't get a job once you get it. We do need something.

I think I have given you enough material for a few questions.

**The Chairman:** Thank you very much. I think there will be the occasional question. I think, Senator Smith, you were going to ask the first question.

**Senator Smith:** I would not want to start off to argue the points that Professor McPhail brought out in the area of how we could make a shift of funds. I am not one who stands up everytime and tries to defend the Senate. I just let our performance speak for itself to those who open their ears and open their eyes to look at us. At my age I have no particular objection on a personal basis.

**The Chairman:** May I say something on that subject. Do you want to say more?

**Senator Smith:** I was not taking it too seriously.

**Professor McPhail:** No. I am very serious.

**Senator Smith:** In order to save two million dollars you want to cut our throats?

**Professor McPhail:** Here it is a question of priorities. Canada has a limited amount of money and I am saying there won't be a Senate in ten years if what I say is true. I am saying we will be electing 20 Senators to a larger congress called the United States Congress. I think the Senators of Canada should be concerned enough about problems to be willing to collapse that section just as a demonstration of the problem we are facing. If it is not done ten years from now we won't have a House of Commons, let alone a Senate.

**Senator Smith:** Let me say in the first instance I was not too serious. I should not have mentioned the Senate, because I understand what you are driving at. I didn't intend to make any particular argument against your suggestion. I thought you were thinking of the Senate in terms of money only and the couple of million dollars that our operation costs is not going to do very much in supplying the billion dollars you suggest we need. I don't want to make an argument about the

shift of funds or family allowances. The future of the parliamentary operation is under consideration by some people anyway. I think we all should make our contribution to that consideration.

What you say is valid. I don't quarrel with anything you say. I might say that there is no longer a Bonaventure. She is out of service as of March 31st. That was sure to come and a lot of other things have to come too. For every dollar you save in national defence, up blooms the cost of Medicare and so on. There is where the hard choice becomes and whether people would rather remain healthy, have the opportunity to remain healthy as American citizens rather than to be strangled for lack of funds to pay for health as Canadians—that is the point people will have to decide when that moment comes. I think I had better leave that at that.

I found the brief very interesting. I found it a little difficult to get started to read it because you are in language areas that didn't seem to click with me. The point where you lost me was when I was reading the page or so quotation from Tannenbaum and Greenberg. Then when I turned to the back that is when I made my notes because I thought you were making very valuable suggestions.

At this point as the basis for my first question I would like to put on the record the part of the paragraph on page 10 you have referred to in the opening remarks:

"Based upon the fact that communications and culture are inseparable and based upon knowledge of the communications media in Canada (with television dominating), I suspect that Canada has one decade remaining in which its members have to make up their minds whether they want to remain a distinct political, cultural and geographical national entity."

That is about all I should quote. The problem is one of Canadian content in our communications media.

You don't have anything too bad to say about the print media or radio. You say that television is where the weakness lies. What is your opinion of the proposal recently made by the CRTC with regard to Canadian content?

**Professor McPhail:** I respect Pierre Juneau very much but I think he is fighting a losing battle. You cannot win this battle without sufficient funds. He can recommend very strongly for cable companies to develop Canadian content but like the gentleman in the



session before said, it is an economic question and as long as you use an economic yardstick it will not be done. You have to use a social yardstick in order to justify putting Canadian content on the highest priority level. In relation to the C.R.T.C. they are trying but I don't think they can win. We are going to create a ghetto. Ottawa is a ghetto in terms of not having available access to American programs.

**Senator Smith:** Ottawa is on cable.

**Professor McPhail:** Can you get Johnny Carson? Well, take Calgary.

**The Chairman:** Do you watch Johnny Carson?

**Professor McPhail:** I certainly do. He had on there *Paul Ehrlich*, the over-population expert. Ehrlich is right, everybody should be watching. He had on there *Dr. D. Reuben*. I am not saying that we have to watch the wedding of Tiny Tim.

**The Chairman:** Would you feel deprived if you couldn't watch Johnny Carson?

**Professor McPhail:** Not if I couldn't watch Johnny Carson but if I couldn't watch the people he has on his show.

**The Chairman:** He has them on. That is the question. Would you feel deprived if you couldn't watch Johnny Carson?

**Professor McPhail:** Sure I would.

**Senator Smith:** Don't you think it would be a pretty difficult thing to do with the media partly in the hands of an establishment—in this instance the Crown Corporation establishment—and the private television in the hands of another kind of free enterprise establishment? Is not our problem a pretty difficult one to be able to convince the taxpayer that the certain priorities which you have suggested—and there is a lot of merit in it, I recognize that—is the thing they should go for instead of increases in old age pensions. How are we going to do that?

**Professor McPhail:** Through the news media, exposure to information that points out the depth of the problem and points it out very well. I am very concerned. The problem is very, very difficult because what happens when you start to pipe in, let us say, United States programs to the Eskimos, or cables or satellites will allow us to do; will be a one-way ticket out of the north

and instead of developing the north with satellites, we are going to show them they want a Buick and a barbeque in the suburbs and they will all take off unless we allow local programming where they can develop their own culture.

**Senator Smith:** Professor McPhail, I don't recall any campaign that has been carried on in all the media, except going back to years ago when the publisher of the *Halifax Herald* for a rather lengthy period of time carried on a campaign which he thought would lead to recognition of Maritime rights. I don't recall at the end of that campaign, or anywhere during it, that the people who worked for that newspaper or the publisher himself were able to suggest any concrete steps to right what was recognized as a problem.

Is it fair to expect any of the media to have that kind of expertise to follow up and say that that is what should be done; and not put it in bald terms of "We need more money". It is easy to say.

**Professor McPhail:** I am sure there are journalists capable of rising to the occasion, whether it is a Vance Packard (that I don't particularly agree with) or a Ralph Nader. I am sure there are journalists in Canada. If, for example, the *Globe and Mail* or the *Vancouver Sun* or *Montreal Star* were willing to release a journalist from their staff for six months to write a book or monograph it could have a substantial impact on our society.

**Senator Smith:** You have already made reference to the drug problem. It is, of course, a very difficult one for anyone to arrive at a solution for that, but a solution must be found. With regard to a lot of our social problems at the root is another reallocation of funds. How does a newspaper get the kind of people who can write stuff in a form that appeals to the taxpayer that he should pay more taxes in order to make better housing available in some of the slum areas of our country; for example, for the Indians and Metis population? How do you go about putting forth an acceptable solution that involves the transfer of funds?

**Professor McPhail:** I think again these are very difficult problems to solve. One step in the right direction would be lowering the voting age. I sincerely believe that young people are more humanitarian, more concerned about redistributing the wealth of



society into priority items. I think we should be talking about lowering the voting age to 16 not 18.

**The Chairman:** Could I ask a question, Senator Smith? You are talking about lowering the voting age to 16; you are talking about redistribution of wealth. I guess a pretty natural question which occurred to me at the beginning of your remarks is: How far to the left are you?

**Professor McPhail:** I think I am in the mainstream of the young society and that is what bothers me. There is a considerable gap.

**The Chairman:** Let me ask you a couple of questions. Do you subscribe to the profit motive in journalism?

**Professor McPhail:** I say yes, that is a legitimate function. It should not be the only function.

**The Chairman:** I quite appreciate that. You have no objection to private ownership and the sale of advertising and so on?

**Professor McPhail:** No. I question certain advertising such as cigarette advertising. I would say it should be banned universally because it is a health problem. We have the guts to do it on DDT and cyclamates, so why not cigarettes? It is because they have a rather powerful pressure group.

**Senator Smith:** I was interested in your opening comment when you referred to the use by the broadcast media especially of pseudo-experts, instant experts I think you called them. You referred to it in your brief here today. You referred to it as a minor point. It seems to me that is a major point. Why did you use the words "minor point"?

**Professor McPhail:** I know the media is going to attack me tomorrow for being a major problem rather than a minor problem. One of these intellectuals who comes from his ivory tower and tells them what to do.

**Senator Smith:** Let me climb into his ivory tower. I have heard the so-called experts and they make me laugh. The next morning I walk down the main street of my little home town in Nova Scotia and somebody says "Did you hear so-and-so last night? I didn't know that." I say, "That is not the real story." They say "Well, I know it must be. I saw and heard him myself." That is the point you are making, isn't it? It is the power of that media?

**Professor McPhail:** That is right.

**Senator Smith:** I think it is a major point. I was surprised you used the word "minor".

**Professor McPhail:** Well, at Loyola we have had severe difficulties, to say the least, and sometimes I pick up the paper the next day and I would not really know they were talking about Loyola because there is such a discrepancy between what I viewed and heard and what they have reported. And also their editorial comments that come on with the news media before the news where the station manager tries to impress his neighbours. He does much more than that because he is talking to several thousand people.

**The Chairman:** I think a legitimate supplementary, Senator Smith, is to ask the witness to be more specific. Who are some of instant experts you have in mind?

**Professor McPhail:** I don't know how far you get. Bert Cannings is a good one. Burns—he is now booted out to the West Coast. Joe Pine in California. The open line show in Montreal with a fellow from Hamilton—Ed Scott Rod Blaker.

**The Chairman:** These are all electronic experts. Are there any print examples?

**Professor McPhail:** I don't read the print media that closely but I am sure there are enough people that if I were to continually, let us say, read the paper...but it is very inefficient, very inefficient to read the paper. There probably are examples within the news media.

**The Chairman:** You are thinking primarily of the electronic media?

**Professor McPhail:** Yes; because of the tremendous impact it has. It is one thing to change a newspaper industry but if 90 per cent of the effect on society is radio and television you have not solved very much. I prefer to zero in on the problem.

**The Chairman:** You have given us radio examples. Are there any in television?

**Professor McPhail:** Bert Cannings is on television.

**Senator Smith:** You referred in your opening remark to Halifax. I think likely the paper you had in mind down there which is an example of the revolt against the old conservative press is called the *Fourth Estate*. Is that the one you had in mind?

**Professor McPhail:** Or the *Mysterious East*.

**Senator Smith:** There is one published up near Fredericton called *The Mysterious East* as well. The *Fourth Estate* is another one I know. I have seen copies of it. Perhaps they are getting larger in circulation now. What do you think of the underground press and the student press as a force to be reckoned with?

**Professor McPhail:** They are strong. I think it is a very strong force and should be read by all parents. The trouble is the parents don't read it. The students read it and it reinforces their values which are counter to the parent value system and the parents continue to read material which reinforces their value system, which might be the stock report of the Stock Exchange or the annual review of the Steel Company of Canada. They are tuning in on different things, they are chewing on different things.

**Senator Smith:** Do you think the students or the—I don't like the word "hippy" one bit, but you know what I mean when I say it—the hippy on the street who buys a copy of the underground press down beyond the mall in Ottawa would take that home and put it on his living room table to make it available to his mother and father or is there something about it they would know they would find offensive?

**Professor McPhail:** No. I think most of them have tried it and that is why they are on the mall on Sparks Street. They got chucked out of the house.

**Senator Smith:** You are in some pretty good company when you say this is an important factor. We have had some evidence from pretty substantial people who have at least suggested the same thing.

I am interested in politics, having been up in Ottawa about 20 years, of course. I was interested in your reference on page 6 to some research studies which have suggested that the media play a limited role in the general decision-making process and it is either political or otherwise. Then you say that the publishers and the editors should have it right on their desk and the inference is they should read this thing. Why should they read those research studies when it is going to be something that is going to suggest to them they are a waning industry, because they have taken great pride I think in their influence on public decisions.

Would you like to say something about that?

**Professor McPhail:** I think the media is most useful for providing information but decision-making is still a function of interpersonal group relation. The media does provide us with a broad base of information but the final decision-making is really a function of the peer group. Again using marijuana as an example: give them a friendship circle of ten people and seven of those ten smoke marijuana. I can predict fairly safely that the other three more than likely have smoked marijuana and that is because of the peer group influence.

The second point: What are the owners going to do when they sit down and read all this disconcerting information about shifts away from the print industry? I have noticed something that might be peculiar to myself but prior to the Senate hearings (and I think they are very good) there were several horizontal moves among media people. In other words, the mass media was hedging against becoming obsolete by moving into cable and television but for the past two months they have stopped. Why? Because they are afraid of getting investigated. But the day this Commission stops hearing then the print media is going to start diversifying itself into other industries; hedging again the very fact they might become obsolete. They are going to think of themselves as communications rather than newspapers. They are afraid to move now because they are afraid of being investigated and closed off.

**Senator Smith:** It should be said here that one of the large newspapers, it was the *Montreal Star*, stated the time might very well come to get into the cable field to prepare themselves for when perhaps their kind of publishing will not be relevant and also to retain their present competitive position with newspapers who have chains. He was not trying to hide it.

**Senator Beaubien:** No reason he would.

**Professor McPhail:** I maintain that there were examples but few relative to the number that might have occurred had not these hearings been held. I think we are going to have a backlog when the hearings close of people moving in from outside media areas, which will be CRTC decisions, which will be again a very difficult problem.

**Senator Smith:** You might help some of us who from time to time in the past have been called on to make some decisions in this area. Do you think the political parties have often wasted resources financially, that is in buying media time and space in preparation of and during election campaigns? Do people pay any attention to it?

**Professor McPhail:** People do. That is what I call an empirical question. We don't have a lot of data on it but within a couple of years we should have. I think for the most part we are at the end of the age of ideology because we are in such a technological society. Obviously computers are not liberal or conservative and obviously satellites are not liberal or conservative. The decisions are becoming very very much away from ideology.

I think we have reached the major shift in our political ideology. For example, the NDP cannot be against computers. They have to take the same stand as the Liberals and Conservatives unless they are so nailed traditionally you will cut them off. I see a severe shift in politics as we know it because of the major communication changes, whether cable or computer, satellite or laser beam. All these things are very technical decisions. You cannot take a political stand on them unless you want to deny access. That is an ideological stand that would fail in the long run. The young bright people will move. They are very mobile. The comfortable web of custom has not caught up with them yet.

**Senator Smith:** I would like to ask one more question. I would like to ask a question on the subject of objectivity. You gave me the impression in your brief there is no such thing and it has been confirmed by some evidence of the working press and publishers who have been before us. The only element of the press which has a reputation for and perhaps which also makes a claim for objectivity—perhaps this is a matter of opinion, it is my opinion anyway—is the Canadian Press. Would you like to say something about the objectivity of the Canadian Press? Do they have to be without passion and without emotion completely in order to discipline themselves into being objective or is there any such thing even with the good old Canadian Press?

**Professor McPhail:** I think the Canadian Press is a very respectable institution in terms of not being totally subjective or to-

tally objective so it reads like a technical report. They have handled very well the problems of trying to make the presentation as factual as possible and yet presenting it in a stylistic way that a person will pursue it or read through it. I think the Canadian Press has done very well in that area.

**The Chairman:** Senator McElman?

**Senator McElman:** What in layman's terms can the media of today—at least the print media—do to become relative within the scope you have made out?

**Professor McPhail:** Why not once a week give an editorial column on the front page—not the back page—to the local high school and let the high school put in that column what they perceive to be the relevant problems; or go to the welfare district and let the people on welfare write a column on the front page and not as some super middle class Wasp perceives their problem but as the poor perceives the problem, leaving the spelling mistakes in and leaving the inconsistencies in. Let the Indians write on the front page and not have someone write for them.

**Senator McElman:** What about the op-ed page?

**Professor McPhail:** I am sorry...

**Senator McElman:** Page 7.

**Professor McPhail:** It is at least a step in the right direction. I still think if you want to make the paper relevant that we should put it on the front page in caps. That is what people read most. I think page 7, that type of thing, is a step in the right direction but I still think it should be front page material.

**Senator Beaubien:** Do you think for the people who would be interested all the others should be forced to read whatever the high school children wanted to write on the front page?

**Professor McPhail:** No. It is written there but you don't have to read it. One can flip by the sports or the Dominion ads. At least the potential is there.

**Senator McElman:** Let's be practical. Surely you don't expect...

**Professor McPhail:** No, I don't expect. Go ahead.



**Senator McElman:** Surely you don't expect any major newspaper to give its front page.

**Professor McPhail:** No. I am saying a column once a week, say every Friday, to the best editorial statement of the week submitted by high school students. You will get excellent ones.

**Senator McElman:** Would you accept that within the general context today that people who are interested in getting opinions turn automatically to the editorial page of the newspaper and that prominent on the opposite page is an appropriate place to have such diversity of opinion? I am trying to get the practicality.

**Professor McPhail:** You say you read the page. I read page 1. I would not read that page you are talking about as likely as I would page 1. It is orientation towards what we read. You may be correct in saying that page would be the better. You might be exposed to a larger sample of people who read that page than I know.

**Senator McElman:** We are talking about communication, are we not? This is your field—communication.

**Professor McPhail:** Wait a minute now. I don't know everything. I know about 5 per cent of what is available in the field of communications. That is my disclaimer.

**Senator McElman:** You are directing yourself. How do you communicate?

**Professor McPhail:** Okay.

**Senator McElman:** Surely we must be practical if we talk about how to communicate. Do you in practicality say the front page or do you in practicality say let us get where the masses are reading?

**Professor McPhail:** I say on one Friday put it on the front page and on the next Friday put it on page 7 and do a test and find (1) how many people read it; (2) how many people understood it.

**The Chairman:** Don't you think that has been done by newspapers?

**Professor McPhail:** It is moving in some direction.

**The Chairman:** The editor of the *Edmonton Journal* when he was before the Committee told us he did the exact thing you are des-

cribing. Not on page 1, on the opp-editorial page. If I recall I think he said the project had been abandoned. There was not sufficient public interest either in terms of reading or more particular in terms of getting the material.

**Professor McPhail:** Then what you are indirectly saying is the problem of reaching the young is much more difficult than I perceived?

**The Chairman:** He was not saying the young. It was the young, the poor, the dispossessed—the whole bag. His point was they had abandoned this project. I must say the *Toronto Star* has begun this exact experiment. Are you familiar with the experiment?

**Professor McPhail:** No.

**The Chairman:** Which they call "Participatory Journalism". That is the phrase they use. I must say the names which appear on that page are all names they know. This is not a criticism of the page at all but they are frequently M.P.'s, aldermen and so on. Yet the page is doubtless available to people you are talking about.

You mentioned, for example, high school students. Would you prefer to see the kind of thing you describe or would it not be as helpful to have in that same space an in-depth analysis of what really is happening in the high school community?

**Professor McPhail:** Ideally you are right but that is too much of a problem to handle in terms of editorial comment. The complexity of the problems are so profound I don't know whether you could handle it. It might be more appropriate in a week-end magazine.

**The Chairman:** I am wondering if your suggestion is realistic, not in terms of the media making their facilities available but in terms of the response which we could expect. You think it is.

**Professor McPhail:** I think it is a possibility. I might be proved wrong.

**The Chairman:** Senator Quart?

**Senator Quart:** Professor McPhail, talking about students writing in high school or college—For years—I am sure it must be about five or six years—the *Chronicle-Telegraph* of Quebec, which is not to be compared to the *Toronto Star* or the *Globe and Mail* but which is read by English speaking Quebecers

—every Saturday for years they have had a page practically for the students of St. Lawrence College, a boy's high school. They ran a competition and the students willing to write were then picked and the best articles published. You have no idea how that was read by the parents and grandparents and interested people. That was a very, very well read page. That has been going on for many years. I think it must be still going on.

**Professor McPhail:** I think it is also a great inspiration to become journalists because they get recognition from the high school and their parents and so forth.

**Senator Quart:** I may say that started my grand-daughter with the idea of going into journalism of some kind, writing so many times on various subjects taken up in the weekly news.

**Senator Beaubien:** Professor McPhail, you have been giving us some suggestions about what the CBC, or one of its component parts, might do to give information and so on to the Eskimos and so forth. Have you any idea how much the CBC deficit is now roughly?

**Professor McPhail:** I have a rough idea, a rough idea of their budget.

**Senator Beaubien:** What would you say it would be?

**Professor McPhail:** A budget of 130 million for television and 30 million for radio.

**Senator Beaubien:** It is about 191. You are pretty close. Do you think we should be spending more money?

**Professor McPhail:** I said in my brief they need more money but not more Edsels. That is where I make the distinction. I think the CBC especially is a fine example of where the public interest should come first. How can the president of the CBC maintain a need of cut-back in funds? That is a more subversive act against national unity than the Chicago seven ever was.

**Senator Beaubien:** He was not asking for a cut-back in funds.

**Professor McPhail:** He was justifying it on CHUM radio, I believe.

**Senator Beaubien:** Who was?

**Professor McPhail:** Dr. Davidson. It will force more efficiency, etcetera, etcetera.

**Senator Beaubien:** He is asking for 166 million plus 25. That is in the estimates for the next year so that is an all time high. He is not asking any cut-back.

**Professor McPhail:** This gets into the other complicated problem of the people at the CBC. As I perceive the problem the people who started with the CBC in the 1950's are now the top management. They are not the product of the new modern era. McLuhan to them is a social disease. I am not saying McLuhan is right or wrong but at least we have to be aware of what he said. If we want to cut off 10 per cent we should cut it at the top rather than at the innovated bottom.

**The Chairman:** You don't think that Dr. Davidson is aware of Marshal McLuhan and his teachings?

**Professor McPhail:** I am sure he is. I run into, let us say, people—"older people"—who react to Mr. McLuhan saying they can't read him. I am more concerned about his ideas. What if he is right?

**The Chairman:** I am sure you want to be fair. Are you sure you are being fair to, let us say, the top eight or ten people at the corporation? You really think they don't know McLuhan's teaching?

**Professor McPhail:** Let us say they don't apply them if they know him. I personally would not work for the CBC.

**The Chairman:** Why?

**Professor McPhail:** It is so heavy, you know, with rules and regulations. It would stifle innovation. I might want to work in the middle of the night and not from 9:00 until 5:00. I don't want to have a union cameraman follow me around in broad daylight because he is unionized.

**The Chairman:** How would you achieve the things you are talking about achieving? You are proposing to spend a billion dollars a year. Presumably the government would spend it.

**Professor McPhail:** In unison with industry and in unison with universities. No one today has enough talent. You have to go to all three. You have to use a team or system approach for modern society. It has to be government, it has to be industry, and it has to be university. Only by using the three would you have enough know-how to reach the right goal.

**The Chairman:** You said we are committing cultural genocide. Is that correct?

**Professor McPhail:** That is correct.

**The Chairman:** Are we going to be successful?

**Professor McPhail:** I will tell you in ten years. Are we going to be successful? I doubt it.

**The Chairman:** Why are we not going to be successful?

**Professor McPhail:** Because it is ridiculous for a country with six million taxpayers trying to compete in every way, shape and form with a country next to us that has roughly 160 million taxpayers. In other words the economies to scale in terms of mass production are inconsistent. We have to pay a premium for our small size.

**The Chairman:** That is not answering the question. You say we are not going to be successful in committing cultural genocide.

**Professor McPhail:** I say we are not going to be successful in the fight against it.

**The Chairman:** Why?

**Professor McPhail:** We will not change our priorities.

**The Chairman:** In other words the game is over now?

**Professor McPhail:** I say we have roughly a decade.

**The Chairman:** You say short of an infusion of the billion dollars.

**Professor McPhail:** Of that size of input. I am not talking about ten million dollars, one million dollars a year over the next ten years.

**The Chairman:** You are very pessimistic.

**Professor McPhail:** And very expensive.

**Senator Beaubien:** That is a billion dollars a year?

**Professor McPhail:** Yes.

**The Chairman:** Are you pessimistic in this area?

**Professor McPhail:** No. I would not be sitting here if I was pessimistic. I would be filling out job applications to major universities in the United States.

**The Chairman:** Is there any other way short of a billion dollars a year of saving ourselves?

**Professor McPhail:** The other one is a re-direction of the presently used funds which becomes a mammoth organizational problem. We are committing X number of dollars through National Film Board and the CBC, subsidies and grants and education. If we could somehow coordinate that so it was all moving in the same direction we might get there. There is so much decentralization, so many decisions made in opposition. The cable companies are fighting the microwave companies, the microwave companies are fighting the telephone companies, the telephone companies are after the government for more money. They are not moving together, you know.

**The Chairman:** So you think we will successfully commit cultural genocide? We will be destroyed as an entity unless we do these things?

**Professor McPhail:** I am saying unless we take a serious look at our culture and re-direct our priorities then Canada as a distinct political community will have no reason for existing a decade from now.

**The Chairman:** I think the Committee would be terribly interested in your comments on where you think the American culture will be at 10 years from now.

**Professor McPhail:** It is going to be one of two polar extremes—either tyranny or anarchy.

**The Chairman:** No matter what?

**Professor McPhail:** No matter what.

**The Chairman:** You say you are an optimist. It doesn't sound like a very optimistic forecast.

**Professor McPhail:** I have to make my car payments and I have to keep working! When you have people like Spiro Agnew and Attorney-General Mitchell, out and out authoritarian, in a day and age when one would presume we have lost that kind of approach, and they are in significant positions of power. There is the George Wallace vote and there are lots of Wallace votes in Canada. You will have on the one hand a tightening up of the system and a reaction of disrespect more and more by the young, such as Jerry Rubin and his group.



**The Chairman:** Are you suggesting that Mr. Agnew and the Attorney-General are potential tyrants?

**Professor McPhail:** Are tyrants.

**The Chairman:** Are you suggesting that Jerry Rubin is a potential anarchist?

**Professor McPhail:** Yes.

**The Chairman:** Is he an anarchist now?

**Professor McPhail:** No. He is pretty smart.

**The Chairman:** Are there any other question any Senators would like to ask?

**Senator Smith:** I would like to ask one question. In the early part of the brief I tried to get an understanding of what would be the effect on the media by the employment of more trained people, people trained in the social sciences, people like yourself for example. I think you suggested somewhere in the brief the minimum requirement for a journalist should be a B.A. or M.A., something of that nature.

Have you thought about the economics of the real worth of having standards as high as that?

**Professor McPhail:** Well, I don't think they are overly high standards when for example the Inland Steel require a Bachelor degree as a minimum to work in a steel plant. The media is of such primary importance.

**Senator Smith:** They are not always terribly profitable. The media are not necessarily profitable.

**Professor McPhail:** That is why they need a kick-back from government.

**Senator Smith:** In other words, you are saying they are forced into cheap labour.

**Professor McPhail:** Yes. Some of those people initially are cheap labour but are very excellent people. That is why they can survive today. There is a good correlation between education and ability but there is also a lot of people who are very smart and not highly educated.

**Senator Smith:** It has been my privilege to know a great many journalists and in the hungry 30's they would be fortunate to get a university education. They rate pretty high in my opinion. How does this university graduate who has a great understanding of the social sciences and interplay and forces that confront human beings these days, how do you apply

that to this particular field? How does that necessarily give the background to be able to write and so that people are able to read and understand, how can that be acquired by an additional training period?

**Professor McPhail:** The trouble is now that it takes so long to go through a training period that what you learn by the end is obsolete relative to the goals when you started. There is such a massive input of information that unless you go about acquiring it in a systematic fashion, which education is, it is unlikely you will be able to acquire sufficient information.

**Senator Smith:** Do you find in general your students to whom you teach sociology, or have taught sociology, in general are the kind who could adapt themselves and have the talent to make good journalists?

**Professor McPhail:** I think so.

**Senator Smith:** Could they themselves communicate?

**Professor McPhail:** Relatively well. A lot of them now are examples of the shift. A lot of them do not turn in term papers any more. I get such things as 16 mm. film and I get photography handed in. I have closed circuit TV programs. They are moving away from the traditional area. They do a term project which is multi-media. That is why I think they are moving away from the print culture into some kind of multi-media culture.

**Senator Beaubien:** Professor, how many students did you say you have in your class?

**Professor McPhail:** In my classes in the department 250. This semester I teach probably 25 students.

**Senator Beaubien:** Where would those people go normally? You said they might go into insurance and so on. What about normally? How do you prepare them to earn a living?

**Professor McPhail:** How do I prepare them to earn a living? Very poorly. That is why they are up in arms. That is why I am here today.

**Senator Beaubien:** Isn't that terribly important?

**Professor McPhail:** Yes, it is.

**Senator Beaubien:** Or do you think the world should change so they would not have to work?

**Professor McPhail:** No. It is very important to know how to work. I am more concerned they learn a process of continually adapting.

**Senator Beaubien:** I am thinking of them now.

**Professor McPhail:** I can prepare them for a job but suppose the job becomes obsolete in four years what are they going to do for the 35 more years except say "Here is another person representing the establishment who misled me." I am preparing them for constant change.

**Senator Beaubien:** Nobody prepared us when we got out in the world and we seem to have gotten along all right. You mean to say because you don't prepare them they won't be able to get another job?

**Professor McPhail:** It is very difficult to get a job in the communications field.

**The Chairman:** Professor McPhail, are you part of the establishment?

**Professor McPhail:** Yes. I considered getting a haircut before coming here today. I must be part of the establishment.

**The Chairman:** Did you get a haircut?

**Professor McPhail:** No.

**Senator Smith:** We will match our Chairman against you any day!

**Senator McElman:** Professor, we have had many print media bosses before us and they have all expressed the wish in this country for better training of journalists. They have spoken of the scarcity of well trained journalists. They have spoken of the efforts they have made to improve and assist in training journalists and yet you say that your graduates don't get jobs in the media. Is that correct?

**Professor McPhail:** That is correct.

**Senator McElman:** Why? Do you ask yourself why?

**Professor McPhail:** Yes. I guess supply and demand are not coinciding and to fill the void I am going to have to consider becoming a placement service to coordinate the vacancies in order to fill them with students. That becomes a rather significant job when I am trying to teach and trying to do re-

search and trying to be a consultant and trying to enjoy life. It will have to be done to make them coincide.

**Senator McElman:** Directly applied then to this area of media insofar as your discipline is concerned has it ever been suggested that the type of training you are giving perhaps is redundant?

**Professor McPhail:** Sure.

**Senator McElman:** There has been that suggestion?

**Professor McPhail:** Yes. People wonder if you can teach it. People say it is an art and cannot be taught.

**The Chairman:** Professor McPhail, speaking for myself I am absolutely delighted you didn't get a haircut! I am delighted also that you are more optimistic than I had feared when I studied your brief. There is a glimmer of light at the end of the tunnel as far as you are concerned and I think that is a good thing. Notwithstanding your comment about the august Senate of Canada, I am delighted you felt it was at least useful enough to bring you here this morning and I am delighted because your documentation and comments are useful to us in the ultimate study we hope to prepare. On top of everything else it has been a refreshing presentation. Thank you.

**Professor McPhail:** Thank you. I enjoyed it.

**The Chairman:** May I say to the senators that we are meeting with Mr. Pierre Juneau and other members of the CRTC at 2:30 p.m. in this room. Thank you very much.

The Committee adjourned at 12:40 p.m.

The Committee resumed at 2:30 p.m.

**The Chairman:** Honourable senators, I would like to call this session to order. This afternoon we are beginning to move into our study of the electronic media. That being so, perhaps you will allow me to make a very short explanatory statement.

I think it would be impossible in Canada today to conceive of a study of the ownership, role and function of the print media without some considerable reference to the electronic media and at the same time I know that senators realize, and in particular we want you, Mr. Juneau, to know, and we hope that the people who are coming here from the Canadian broadcasting industry will realize

that this committee does not consider itself a junior grade royal commission on broadcasting or do we think that we are some Senatorial version of the CRTC. Our prime interest and concern in the Canadian broadcasting system is the role it plays in the overall spectrum of Canadian mass media. I think, Mr. Juneau, in your capacity, you must be the starting point in any such study.

Now, you were kind enough to send the Committee members what I can only describe as a deluge of material. I can assure you that we were most grateful, collectively and individually. It seems unlikely that many Senators have read all of the material, as some of us have, but I do know that most of the Senators have read it at least in part.

Perhaps before turning to you for an oral statement I could introduce some of your colleagues. On Mr. Juneau's immediate right is Mr. Harry Boyle, the Vice-Chairman of the CRTC. There are three full time members who are here as well, who are members of the executive committee. They are on my immediate left Mrs. Pat Pearce, on her left Mr. Hal Dornan, and then sitting next to Mr. Boyle is Mr. Réal Therrien. The balance of the group from the CRTC you may or may not wish to introduce—I do not know whether you are proud of them or not?

**Mr. Pierre Juneau, Chairman, Canadian Radio Television Commission:** Some of them I wouldn't!

**The Chairman:** The procedure we follow here is for the witness to make a brief opening oral statement taking perhaps as much as 15 minutes and then we would like to question you, not only on the oral statement, but on the material you were kind enough to send; and I am sure there are other questions about the broadcast media generally that the senators will want to ask you about. As I have said to so many other witnesses, if you wish to farm out any of the questions to any of your colleagues, please feel free to do so.

We are delighted you are here—Mr. Juneau.

[Translation]

**Mr. Juneau:** "Thank you, Mr. Chairman. I really have no presentation to make. I would rather prefer to put myself at your disposal and answer questions right away. Just one remark, however. My colleagues and I are very happy to be here before a part of the Senate, a Senate Committee. We are very much aware that the Senate is part of Parliament and that the CRTC, the Canadian Radio-

Television Commission, is a creature of Parliament, and not, as there is a tendency to say sometimes—and too quickly at that—a government agency.

The procedure is that we are appointed individually to these positions by the government, but we are very much aware of Canadian traditions in this area, that such Commissions are the creatures of Parliament, at a time in our history when so much stress is put on the importance of Parliament, when sometimes—and it is not up to us to say whether rightly or wrongly—there is concern about the role of Parliament.

I wish to emphasize how honoured we feel at having to implement an Act like the Broadcasting Act which was passed, barely two years ago, by the Parliament of which you are part. We feel that it is a very difficult mandate, but one that is also an honour for us."

[English]

Mr. Chairman, I don't think I have anything else to say at this point. I think that since you are interested in mass media you have no doubt followed our activities in trying to implement the new Broadcasting Act. We have also supplied you with all the important documents which reflect our decisions and operations and we are here to answer your questions.

**The Chairman:** Thank you very much, Mr. Juneau. It just occurred to me that I may have a conflict of interest because I sponsored the Broadcasting Act in the Senate. However, I hope my colleagues won't disqualify me from chairing this meeting. I think the questioning this afternoon will begin with Mr. Fortier.

[Translation]

**Mr. Fortier:** "Mr. Juneau, we've read recently in the press and on the radio and TV that in the last two years you've become one of the most influential public servants. The question I'd like to ask you is this: Does this compliment that has been paid to you come from the fact that you have to administer such an important act? Or, does this compliment come from the very important decisions you have been rendering for two years? Or, is it your magnetic personality?"

**Mr. Juneau:** "I think you had better ask the persons who gave these opinions and not the victims."



**Mr. Fortier:** "Do you accept the fact that as Chairman of the Canadian Radio-Television Commission you personally and collectively hold one of the most important public positions in Canada today?"

**Mr. Juneau:** "Thank you for the question. After all, it allows us to make a statement that is perhaps of some interest. The statements in some newspaper articles, as is often the case, are over-dramatic rather than consistent with reality, I think. The Chairman of the Commission shares his authority with 14 other persons on the board. That is something which is prescribed by the Act. There are also, among these 15 persons, five, including me, who form the executive committee. It is not only the law, but it is an actual fact that the present Commission (and for my part I'm very happy about it) is a very united team which works long hours, long days and long weeks. I think I can say, without revealing the Commission's internal discussions (as you know, we don't publicize how we vote, either—that is not in the Canadian tradition) that all of our decisions, without exception, are the result of long discussions in which all the members, without exception, actively participate. It is also true that these are team decisions."

**Mr. Fortier:** "It's a collective 'you' that I'm using in my questions today, of course."

**Mr. Juneau:** "Yes. But the journalists have somewhat over-simplified the question."

**Mr. Fortier:** "This unanimity that you emphasized just now, I must confess that, as a lawyer who is used to dissident opinions in any court judgments, I cannot but admire such unanimity. Did you say that dissident opinions, if there is dissidence, are not publicized, or does the opinion of the majority take precedence?"

**Mr. Juneau:** "What I said was that I note that in Canada it's the tradition always to express the opinion of the majority, as in the case of the Cabinet. It's not the custom, with control boards or commissions, to present the differences of opinion if there are any in the boards."

**Mr. Fortier:** "Of course."

**Mr. Juneau:** "There is an allusion to this tradition in control boards."

**Mr. Fortier:** "There is nothing in the Act that prevent a member of the Commission from

making known any dissidence from a Commission decision, isn't that right?"

**Mr. Juneau:** "No. I think it's rather tradition, since there shouldn't be any law stipulating that there must be Cabinet solidarity."

**Mr. Fortier:** "If, in an extremely important decision, you didn't arrive at unanimity, do you think (and again it's a collective 'you' that you, personally, have the deciding vote as Commission Chairman). Do you think that such a difference should be made public if it is on a significant question?"

**Mr. Juneau:** "I didn't say there was always unanimity in the Commission. Might that not be desirable in some cases? I don't know. I suppose the prevailing tradition until now reflects a certain type of prudence in Canadian administration. I have never been presented with a situation where it might have seemed advisable to depart from that policy of prudence."

**Mr. Fortier:** "Let's take one of your, not decisions, but statements of intention, the one of February 12, 1970. In the event that one or more members of the Commission were of the opinion that the minimum Canadian content you are now suggesting (and on which you are going to hear presentations at your April hearings) was too high or not high enough, and stuck to it stubbornly, would you recommend that he or they publicly put forward his or their opinion?"

**Mr. Juneau:** "The question seems quite theoretical to me and is never raised in practice. What would I recommend in a very specific situation? I don't think I would recommend anything. I think it would rather be up to the individual in question to make his own decision."

**Mr. Fortier:** "I agree."

**Mr. Juneau:** almost two years after the Broadcasting Act was assented to on March 7, 1968—that'll be two years in two days—are you and your colleagues of the opinion that the Act is as close to perfect as the legislators wanted it to be two years ago? Or, in the face of the cases you have been concerning yourselves with for two years, do you think it would be advisable that the legislators amend it?"

**Mr. Juneau:** "First of all, it went into effect on April 1, 1968. I must tell you that until now and until any new order, I anticipate

that we'll have so much work putting the present requirements of the Act into operation (and we've had so much work putting the present requirements into operation) that the problem of improving the Act was not raised. I must say that with the exception of some very minor cases that don't come to mind right now. I don't see any great problems in the present Act that might be created by rigidity. There are still many possibilities in the Act that we haven't used yet."

**Mr. Fortier:** On some occasions, as section 15 of the Act allows, the Governor-in-Council, the Cabinet, has issued specific instructions, isn't that right? I am thinking in particular of the directive of March 1969 on the percentage of non-Canadian ownership and interest. Are there other sections in which you have been required to regulate and supervise? Are there other sections of the Act where you wish that the Cabinet had given your Commission more specific instructions?

**Mr. Juneau:** Well, I think all the sectors in which the Government has the intention of issuing directives are provided for in section 22 in particular, which states that:

[English]

"No broadcasting licence shall be issued, amended or renewed pursuant to this Part (a) in contravention of any direction to the Commission issued by the Governor-in-Council under the authority of this Act..."

[Translation]

In all areas, the Government seems to have clear intentions—the sooner we had them, the better it would be.

But as far as the Commission's administrative needs are concerned, no, we don't have any requirements. Of course, there is the area of concentration of ownership within Canada in which many people...

**Mr. Fortier:** "You're ahead of me..."

**Mr. Juneau:** There are all those areas in which it would be useful to have more precise instructions. To some extent, it would be up to us, considering our practical experience, to make recommendations to the Government. However until now, we've been so taken up with decisions these days we are getting out decisions almost every day, some days two. We've had no success in arriving at a system of strict rules in the area of ownership.

[English]

**The Chairman:** Senator McElman?

**Senator McElman:** Quite aside from any recommendations you might have, Mr. Juneau with respect to Parliament improving the existing legislation, perhaps we could approach it from another direction. I am sure that you and your confrères are totally familiar with the Federal Communications Commission and its mandate. Is there any way in which their mandate is superior to yours in handling the problems arising in this area in both countries?

**Mr. Juneau:** Frankly, Senator, I don't think we have the time nor the need to study how the present legislation could be improved. We started with a very small staff two years ago with an enormously increased mandate. Since then we have been faced with enormous problems, extremely difficult decisions, and at the same time with the need to develop an organization to cope with those problems.

As to the idea of studying how the present legislation could be improved in relation to legislation in other countries, we haven't had time to do that. While we have some knowledge of the American legislation, I wouldn't say that we are very familiar with the relative advantages in the details of the FCC legislation as compared to ours. On the whole the various conversations I have had with members of the FCC, or members of the staff with the FCC, lead me to believe that our situation is considerably better than theirs. I think that the extremely rigid legal approach that prevails in all the U.S. regulatory agencies would create havoc if we had by mere chance adopted such a line of action in Canada.

Recently we presented a project of procedure regulations and heard opinions at hearing. The opinions we had from some of the most competent lawyers in the field of broadcasting regulations were that we should be aware of not making our procedures too rigid so as to reduce the flexibility. I must say that I was surprised. I thought that perhaps the orientation would be in the opposite direction. Frankly we haven't spent a great deal of time thinking about how the present legislation could be improved. There has been on occasion where we have hit upon an important difficulty created by some rigidity in the Broadcasting Act. I am not saying that it is a perfect piece of legislation or that it will be indefinitely by any means.



**Mr. Fortier:** I am glad to hear that you have been pleasantly surprised by the attitude of lawyers before your Commission, Mr. Juneau. You touched upon an aspect of your decisions that I would like to pursue, and that is the concentration of ownership in the communication media. In many of your famous decisions, as well as in your first annual report to your Minister, you expressed this concern over what you call "excessive concentration of ownership" in the communication media. Your Commission expressed in very clear terms on page 18 of your annual report—that was in reference to your decision in the Okanagan Valley Television Co. Ltd.'s application for a share transfer—the reasons why you attached so much importance to this increased or excessive concentration of ownership. What I would like to know is, where in the Broadcasting Act do you find a concern by Parliament which you are now echoing with respect to this concentration of ownership?

**Mr. Juneau:** Well, I think that there is no specific reference to this matter as a criteria in the Broadcasting Act. But there is for the Commission the responsibility to regulate and supervise the broadcasting industry in Canada in order to achieve the objectives set out in section 2. There is also the responsibility to grant licences. So obviously in granting licences you have to take into account a great number of criteria of a general nature that cannot possibly be expressed in the Act. One of them is the need to grant licences in such a way that basic principles such as the free flow of information, competition of ideas, and so on (which I think anybody would consider basic in the field of broadcast media in general) have to be taken into account by the Commission.

There is a reference, as a matter of fact, in section 2(d) of the Act which states that programming must provide a "balanced opportunity for the expression of the differing views on matters of public concern." This is the place where there is a reference to the free flow of information.

**Mr. Fortier:** Are you not in effect equating public interest, or community interest as you call it in your report, with diversified ownership within the communication media?

**Mr. Juneau:** I am sorry, I don't understand.

**Mr. Fortier:** You are called upon by the Broadcasting Act to supervise and regulate

broadcasting in Canada. You have expressed this concern with this excessive concentration of ownership in communications media. You have made it the object in fact of many of your most important decisions. You have just acknowledged that there is no specific reference in the Act to governments being concerned about the concentration of ownership in the communications media. What I am asking, Mr. Juneau, is whether the CRTC, in deciding as it has, that concentration of ownership in the communications media is a bad thing a thing which should not be encouraged, is not in fact deciding that it was not in the public interest to have concentration of ownership in the communications media?

**Mr. Juneau:** Yes, undoubtedly. I think that you could demonstrate whether I agree with it or not—you could demonstrate that this preoccupation has been implicit and indeed explicit in many of our decisions.

**Mr. Fortier:** Are you suggesting that the free flow of information in Canada could be somewhat hampered if there was excessive concentration of ownership?

**Mr. Juneau:** It seems to me that the philosophy of most people who are concerned about this problem is that this is such an important matter in any country or any civilization, you must minimize the risks, and even though you could have a great deal of confidence in a very large undertaking, wisdom would dictate that you should not take any risks in a matter of that kind and that you should administer in such a way that the public also would be confident. In other words, there should not only be security but confidence that there is security.

**Mr. Fortier:** Well, it seems to me that though the company may be large or small—what really matters in the end is the integrity of the persons in charge rather than the size of the holdings which they may have in Canada. Would you agree or disagree with that?

**Mr. Juneau:** Well, everything is relative of course but if we are speaking of—for the purpose of the discussion—of an agreed upon limit after which concentration would become excessive, then I think that the integrity of the individual would have little to do with it.

**Mr. Fortier:** Agreed. Is it the CRTC's policy to more or less draw a line beyond



which concentration will not be in the public interest?

**Mr. Juneau:** No. We have drawn the line in specific instances. We have not established, as they have done in the United States, a formula which would be the drawing of a line which you suggest. We haven't established a formula based on the number of cities, or the total number of households, or any other such quantitative criteria. We have drawn a line in certain specific cases where we have said to a particular applicant: "We are sorry, you can't go any further."

**The Chairman:** May I ask a supplementary question? Would you tell us what the American formula is?

**Mr. Juneau:** Well, offhand, I could at least give the general lines. They do not authorize a company to own television stations in more than five large markets plus two small markets, I think it is.

**The Chairman:** Is there a radio rule as well?

**Mr. Juneau:** The radio rule...

**Mr. Wilson:** This has been changed. It is something like five and five—something in that order.

**The Chairman:** Thank you.

**Mr. Fortier:** The formula that you allude to, is one based on communities or regions is it not?

**Mr. Juneau:** In the United States?

**Mr. Fortier:** Yes.

**Mr. Juneau:** It is based on what they call the large markets, so that it is the size of the population in major areas.

**Mr. Fortier:** A formula which I seem to note in the CRTC's decision is one which concerns itself more with cross-media ownership than with population reach. Would that be a correct statement?

**Mr. Juneau:** Well, I think that most of the cases on which we have had to make decisions until now have had to do with regional or local concentration. We have denied further licences to certain groups because, in the region for which they applied for a particular licence, they already represented a concentration in cross-media ownership.

**Mr. Fortier:** So then it is really a combination of the two. It is a concentration in the population reach and a concentration, or a combination of media.

**Mr. Juneau:** That is right.

**Mr. Fortier:** In reaching a decision in those matters, do you take into account the current media holdings that the applicant or the transferee may have?

**Mr. Juneau:** Yes.

**Mr. Fortier:** You do so although you have no jurisdiction over the print media. Or, you do take it into account?

**Mr. Juneau:** Yes.

**Mr. Fortier:** To what extent do you take it into account? If an owner of a newspaper in the community applies for a licence, say for a CATV licence, how much weight would his ownership of the daily have on your reaching a decision?

**Mr. Juneau:** Again, as I have said, we have no formula which would constitute a sort of grid which we could apply to all the cases that either have, will, or could come up, any which would automatically provide the answer. We wouldn't mind if somebody provide us with a grid of that kind; if such a formula were possible it would be very nice. Up to now we haven't found one. In some cases we have taken decisions because we thought that the concentration that would be constituted by this particular application would be excessive.

**Mr. Fortier:** The concentration of ownership within diverse communication media one particular area?

**Mr. Juneau:** Yes.

**Mr. Fortier:** Coming back to a question which I asked earlier, is this one of the areas—not using the same sense—where you would welcome a directive from the Cabinet?

**Mr. Juneau:** Certainly, yes. There is a provision for that matter in the Broadcasting Act.

**Mr. Fortier:** Would it facilitate your work if there were national government policy on the subject?

**Mr. Juneau:** It certainly would.

**Mr. Fortier:** In reaching these decisions I am trying to stay away from specific cases.

that you have decided in the last two years for obvious reasons—but is there a rule of thumb which applies across the board from the Atlantic to the Pacific dealing with concentration of ownership aspect or are there only specific situations to deal with Toronto, Windsor, Vancouver, Moncton, et cetera?

**Mr. Juneau:** There could perhaps be a rule of thumb but I doubt it very much. I think that with a great deal of thinking and experience you could perhaps arrive at a certain number of guidelines. I doubt that you could have a rule of thumb or a rigid rule as they have in the United States, because the country is very large geographically and rather difficult to cover. Suppose you had a rule, for instance, that no broadcaster could operate in more than five large cities. If you had five large cities in Canada you would cover 75 per cent of the population. Any rigid rule, it seems to me, would be very difficult to establish in that field.

Another difficulty is how to avoid excessive concentration and at the same time permit—what is the word in English—l'élan—the impetus which is such an important thing to foster in Canada at the moment in various fields, particularly in the world of ideas—information, broadcasting and entertainment. If Canada doesn't develop an impetus in that field, one wonders how it will succeed in developing an impetus in other fields. So while we have to remain very much concerned about a void in excessive concentration, I think that we have to be equally if not more concerned with developing this impetus, this sense of enterprise, enthusiasm, confidence, and belief in the need of doing things in that field.

In a situation of extreme competition with the most powerful country in the world...

**Mr. Fortier:** I am tempted to ask you how would you define "excessive"? This is an adjective which you keep resorting to. How would you define "excessive"?

**Mr. Juneau:** As I said, we don't have a formula and we doubt if it will be possible to develop one. We have had concrete cases where we felt that if one owned a large newspaper, a large television station, then maybe for a given area that was sufficient considering the other newspapers, considering the other television stations, considering the development of CATV in the area, considering the dailies, considering the balance of advertising, and so on. In one given case there

are so many variables to take into account that whatever the guidelines which might eventually be developed, they would have to be very complex; otherwise they will be too rigid and will not be applicable, or very difficult to apply.

**The Chairman:** I believe Senator Everett has a supplementary question.

**Senator Everett:** I wonder if you could describe for me the conditions that in your mind would result if there were no multi-media ownership in the broadcasting field. In other words, what if every television station and every radio station and every CATV system had to be owned by persons who weren't related in any way to other owners, is a completely independent ownership of the meat of broadcasting?

**Mr. Juneau:** In other words, none of them would be owned by a newspaper, or none of them would own CATV systems?

**Senator Everett:** I am not so concerned whether they are owned by newspaper interests or other interests. I am more interested in what would result if there were no concentration in the broadcasting industry itself?

**Mr. Juneau:** Yes, so if the newspaper owned one broadcasting station they would only own one?

**Senator Everett:** That is correct.

**Mr. Juneau:** So you might have cross-media ownership...

**Senator Everett:** Well, we might come to that, but I am interested in the first question.

**Mr. Juneau:** Well, I think that if you don't consider cross-media ownership you are leaving out a very important element because if there can be an unlimited number of newspapers owned, so you already have quite a concentration there. So the ownership of one broadcasting station might constitute a problem in a case like that.

**The Chairman:** I don't think Senator Everett's question is in any way related to newspaper ownership, is it?

**Senator Everett:** No. Mr. Juneau is accepting that point. But if we chose to accept that point of cross-ownership for a moment and deal with just the completely independent broadcaster, you would have ownership com-

pletely independent of every aspect of broadcasting.

**Mr. Juneau:** Well, I am inclined to think that it would be too rigid a rule. Let me start with an easy case. Almost all FM stations at the moment are owned by AM operators. We think frankly that this is a good thing because we doubt that FM at the moment would or could exist, and could go on developing without the support of an AM station. I have often given the example of what has happened in motion picture theatres for instance where more and more you have twin theatres or two theatres operating together. One has a more commercial policy directed towards the larger audience and the other is directed towards a more selective audience. This provides for more variety, more choice for the public.

In FM and AM you could have something of the same kind. We are inclined to think that there is too much resemblance at the moment between AM and FM stations. There is no reason why the FM station could not be more oriented towards an audience very different from the AM audience. There is one example of something that you couldn't do if the FM stations were completely separate from the AM stations, and the licences were only granted to separate owners.

**Senator Everett:** Well, let me just follow that through. You are saying what you could not do is insist that the programming be different?

**Mr. Juneau:** No, we are insisting that the programming be different now.

**Senator Everett:** But you are saying that you can achieve this single ownership of the AM/FM stations.

**Mr. Juneau:** Yes.

**Senator Everett:** But you couldn't do it if that ownership were separated?

**Mr. Juneau:** No, because the AM stations in most cases support the FM stations. The FM stations make no profit or very little profit at the moment. Some of them do but only a small number of stations. If they do make profits usually it is because they tend to become a second AM station.

**The Chairman:** What do you mean by that?

**Mr. Juneau:** They are just a shade off the AM station and they tend to be very close

in their programming to the AM station. If the FM stations are to provide a service to more selective audiences—minority audiences which get very little at the moment from the broadcasting system in general—it can only be done if there is some support by a profitable AM station.

**The Chairman:** Aren't there some markets, Mr. Juneau, where there are more profitable FM stations, where they are AM stations in the same markets?

**Mr. Juneau:** There are some cases, yes, but not many.

**The Chairman:** Well, I think Senator Everett probably wants a further answer. We should get it now and then we can go on to Senator Beaubien.

**Senator Beaubien:** Mr. Juneau, doesn't the ordinary FM station broadcast about 55 minutes of music, and then only about five minutes of advertising? That seems to be the situation in Montreal on the stations I listen to. The AM ones carry a tremendous amount of advertising. Isn't that the big difference at the moment?

**Mr. Juneau:** Yes, at the moment. One is profitable and the other isn't.

**Senator Smith:** But the big difference is also programming, isn't it? As far as the general public is concerned, the big difference must be said to be in the programming element?

**Mr. Juneau:** There is a tendency to have softer music on the FM stations.

**Senator Smith:** But not better music?

**Mr. Juneau:** Well,...

**Senator Smith:** Well, we will not get into that.

**The Chairman:** Senator Everett?

**Senator Everett:** Well, on all FM stations..

**The Chairman:** Well, why don't you put the question again?

**Mr. Juneau:** I am all right.

**The Chairman:** You understand the question?

**Mr. Juneau:** Yes—there is a certain advantage in allowing the same owners to own more than one station. I think we have ex



pressed concern in the other direction a number of times, and I wouldn't want to appear to negate what we have already said on that. We have turned down applications in the case of multiple ownership of radio or TV stations and our views have been changed.

However, to look at the other side of the coin, I think that you do benefit from the professional competence of a group which can apply its professional competence over a number of stations. Quite often you have very competent broadcasters who have developed a station and who are reaching a certain age—which I consider, rather a young age, 45 or thereabouts—and they start thinking of the future of their family, and so on. They want to stay in broadcasting and they want to have a more liquid situation. It then becomes a matter of interest to join a larger group, to remain in charge of their station but to form part of a larger group and also have, perhaps, an influence on more than one station. There again, the professional competence is spread over a large number of stations. If there is an accumulation of professional competence and professional enthusiasm, I think this could be good for the country because if you have a certain number of strong nuclei like this in the country, it will develop other peripheral industries that are very important for broadcasting—film making, record publishing, et cetera. I doubt if you limited all the broadcasting companies to one station that you would develop that impetus that I was talking about.

I think that there must be a little more scope from a financial and from a professional point of view. Now, this again is a matter of balance because we ourselves have told some of those groups "Sorry, you can't buy that station." We also want to preserve enough local flavour in some regions and if you let all the groups develop as much as they can and as much as they would like to, competition wouldn't be equal and it would be relatively easy for almost all the broadcasters in a given region to be bought up by the larger groups in Toronto and elsewhere.

**Senator Everett:** Does this apply to CATV?

**Mr. Juneau:** Yes, at this stage anyway.

**Senator Everett:** Why? Is there a professional competence involved here? Is there a development of supportive services that are beneficial to the broadcasting industry? I don't see that in CATV.

**Mr. Juneau:** We are of the opinion that there is a need in cable television at the moment for an active role on the part of cable. If cable television is going to be only a means of transporting already existing programs, if there is going to be no active participation in the problems which concern us all—mainly the development of communications in Canada—then I don't see why it shouldn't be transferred to the common carrier as an operation—maybe a new type of common carrier—if it is the policy of Government or Parliament to have competition among common carriers. But if not, it would be a simple thing to turn the whole thing over to common carriers who are used to this kind of thing, wiring a place rapidly and getting access to the largest number of people who want to communicate.

**Senator Everett:** Well, I think you have answered the question except that I do want to ask you questions about the future. What do you see or what does Mr. Boyle see in the future of broadcasting? It would illuminate the answer you just gave, but perhaps we should move on.

**The Chairman:** I think we should. Perhaps we could complete our discussion on ownership. I will come back to Mr. Fortier, but I would like to ask Mr. Juneau one or two questions.

You have been discussing ground rules relating to group ownership. Is there any difference in philosophy between radio and television? Are the comments you have been making general to both?

**Mr. Juneau:** Well, only to the extent that I think generally people will agree that a television station—everything else being equal—is a more powerful means of public information. So in balancing these variables I was talking about, you would probably give more weight to a television station than you would to a radio station—that is, everything else being equal. However, there are some radio stations that are quite important operations.

**The Chairman:** A question that we have put to many newspaper publishers who came before us—I won't put that question to you, but I would like to put the parallel question to you.—is when does group ownership in broadcasting become excessive?

**Mr. Juneau:** Again, I think that if I had a formula, a figure, a mathematical criteria

to answer that question I would be very pleased, but I haven't. I can only speak of some of the variables. If in a given area you control the newspaper, control the television station, control the radio station, if there is only one of those media present and there is no penetration from outside the media—all of these things must be considered. In some areas for instance, you have this kind of concentration, but the place is penetrated by 20 radio signals and three large metropolitan newspapers so there is some kind of balance. I am not saying that those situations are ideal, but is is some kind of balance. If you have a completely closed-in situation where all the media are controlled by the same owners, that does pose a problem, and we have said so.

**The Chairman:** I was thinking of group ownership across the country. Is it the same principle?

**Mr. Juneau:** The point is when does it become excessive?

**The Chairman:** Yes.

**Mr. Juneau:** I am sorry, I can't answer that.

**The Chairman:** Well, if you can't answer it I think we should be clear on the record, and I think perhaps we are, that there is a point at which it does become excessive?

**Mr. Juneau:** Yes, maybe one idea that I could mention might be helpful. I think that it is—and that is why it is so difficult to have rules because it is sort of like an ecological problem—a matter of balance. It is not really how big is company A, but how big is company B, C, D and F, and how many do you have.

**The Chairman:** If they exist at all.

**Mr. Juneau:** Yes. How well will the other companies develop if company A is too big? So really I think it is an administrative problem, not a legal problem. I think that is why it would be difficult to have rigid rules because it is similar to administering a very large company—how important is it to have Division A as compared with division B. This is an administrative problem and a problem of balance. I think the reason why this problem will be very difficult in Canada is that it will have to be considered as an industrial problem, as an economic problem

and not as a problem that you will solve with rules.

You might have a certain number of principles in guidelines and objectives but I am afraid if you drive too strongly towards rules you are going to forget that what you are concerned with overall, is the result you want to obtain. There is not only the fear of excessive power on the part of some companies but the need to have other companies develop and contribute to the overall harmony.

**The Chairman:** Thank you, that is very useful.

**Senator Smith:** Mr. Chairman, I wonder if it would help to clarify this whole situation on this point if the witness would put on our record, in a very brief form indeed, several examples of situations which they have already taken care of, and I presume which you and your board regard as excessive. Can you think of a couple?

**Mr. Juneau:** Yes and I think they are on record.

**Senator Smith:** Well, on this record.

**The Chairman:** Well, I think we have them in our records and I would be reluctant to take a great deal of time...

**Senator Smith:** Well, I wouldn't think it would take much time.

**The Chairman:** Mr. Juneau, if you could give us one good example?

**Mr. Juneau:** Well, I don't mind giving some examples except that it tends to blow up a case.

**Senator Smith:** Well, don't use any particular names.

**Mr. Juneau:** It is all on the record—the official record—and the public knows about it. But I will answer that because I have no reason not to answer it.

**The Chairman:** Well, you don't really have to, Mr. Juneau.

**Senator Smith:** Well, this is the printed record of what you have said to us here today in relation to this discussion. I just thought it might clarify this point a little further.

**The Chairman:** I think, Senator Smith, if I may give my reasons...

**Senator Smith:** Well, just rule me out of order.

**The Chairman:** Oh, I don't want to rule you out of order but I think that there are so many questions we want to ask Mr. Juneau that I don't want to have him take time saying things which we not only have on the record but we have on the record at considerable length and in great detail.

**Senator Smith:** I accept that on the grounds that I may interrupt on something else which I think is not as relevant.

**The Chairman:** Fine. Perhaps when we adjourn in a few minutes you can speak to one of Mr. Juneau's colleagues.

**Senator Smith:** Fine.

**The Chairman:** I think Mr. Fortier you would like to get back to your questioning.

[Translation]

**Mr. Fortier:** On the aspect of ownership, Mr. Juneau, you've explained very eloquently several of the factors you take into consideration when you have to judge a particular case. You said, among other things, that even if it isn't mentioned in the Act, ownership by a newspaper in the medium is one of the factors.

If the applicant, the one who is asking you for a licence, is himself at the head of what is called an industrial complex that has nothing to do with communications enterprises, but who becomes involved in one of the media—let's say one of the most important business men, who has various interests in different companies—would you take that into consideration also?

**Mr. Juneau:** We would take that into consideration as a negative factor sometimes, and as a positive factor in other cases. Let me explain. I think what would concern us the most would be the applicant's proposed policy and his ability, or rather the confidence we have in his determination to enforce that policy (because we know that it's easy just to talk about policies). Therefore these are the two factors—the proposed policy and the determination and the confidence we have in the applicant's determination to implement that policy.

I say that because, as I was saying a while ago, the fields of broadcasting, publishing or the cinema, in everything that may be called in English the "knowledge and entertain-

ment industry", in spite of our success in Canada in maintaining a broadcasting industry, the fact remains that there is a huge job to be done, and in our opinion we have just begun. Consequently, all financial, creative, intellectual and journalistic forces should be cultivated. Also, any attractive plan presented by a very large enterprise should, I think, be taken up by the Commission even though it is proposed by a very large enterprise. Thus the quality of the plan and the confidence we would have in the determination of the representatives would be the most important factors.

**Mr. Fortier:** That's the positive aspect, of course?

**Mr. Juneau:** The positive.

The negative aspect would be the opposite. If it appeared to us as a solely stock-market type of enterprise, and if the people were to get the most out of the situation, by investing the least possible effort and money, we would then, of course, not be interested. The fact remains, however, that even for an enterprise like that, the problem raised by some Senators, i.e. too much power in the hands of a company like that, could arouse concern in the population, and, as I was saying, the confidence of the people in these tools of communication is a very important thing.

**Mr. Fortier:** In your directive of July 10, 1969, your Commission was saying—my French volume includes the English text, but my English volume, also, includes the English text—so I'll continue in English:

[English]

"It is not the intention of the Commission to intervene in normal bargaining between current holders of the assets or shares of licensees and would-be purchasers.

"It is, however, the policy of the Commission to scrutinize applications for transfer of assets of licensees or for transfer of control of licensees in a manner comparable to its examination of applications for licences for new undertakings.

"Consistent with previous practice, such applications are subject to public hearings, at which objections may be raised and at which companies or persons other than the purchaser proposed by the current licensee may apply for the licence."



[Translation]

Dealing with the price that is offered, I am thinking for example, of the case where the person to whom we want to sell is not acceptable to the Commission and another group makes an offer in accordance with what I have just read, which is for less than the one submitted to you. How important would the price offered be, in the interest, of course, of the seller? To what extent would you take that into consideration?

**Mr. Juneau:** I think the Commission would give the preference to the applicant presenting the more attractive policy.

**Mr. Fortier:** Even though, as far as the seller is concerned, he was going to get a smaller price than the one he might have been able to get on the free, open market?

**Mr. Juneau:** I think so. Of course, the Commission would also be concerned with any injustice that might be caused to the seller if they took advantage of the Commission's preference to offer a ridiculous price.

**Mr. Fortier:** Of course.

**Mr. Juneau:** A price which would not offer an honest profit.

**Mr. Fortier:** To what extent does the Commission try to establish a price that wouldn't be ridiculous and would represent an honest profit?

**Mr. Juneau:** "I must say that the Commission stays as far away as possible from that question."

**Mr. Fortier:** "But the whole question should of course, be submitted to you?"

**Mr. Juneau:** "Our policy in that area is to make the policies of the Commission well known to the public, to possible applicants, to stockbrokers and to securities commissions and to make the obligations and responsibilities of the broadcaster in programming and public service well known. After that it is no longer the responsibility of the Commission to determine whether or not the price is right. That could be in cases where, because a licence had been given to an applicant who did not already have a business agreement with the seller, the Commission might be led to play an unofficial role as a referee, if I may put it that way, between the group holding a

property but no licence, and the group holding a licence but no property."

**Mr. Fortier:** "The buyer, could, of course, profit from such a situation?"

**Mr. Juneau:** "Right. That's a dilemma we can't get out of other than by the good faith of the participants and a midwife role, if I may call it that, on the part of the Commission, in order to ensure that such good faith is going to exist and yield results. It's the kind of conflict that is well within the tradition of public administration of broadcasting, between licences that are public property and those that are not, and between frequencies that are public property and physical assets that are private property."

**Mr. Fortier:** "One last question about this aspect of ownership. On July 23, 1969, you considered the problem of banks vis-à-vis broadcasting interests. You said "Bankers, no equity for you." Without asking you to justify that decision (it's definitely not my role, nor the role of the Committee here), can you explain what the decision—it does not explain it in the 5 or 6 lines that I read carefully—can you explain why banking institutions cannot, as far as you are concerned, participate in the equity of broadcasting enterprises?"

**Mr. Juneau:** "Well, I wouldn't like to give much more explanation than there is in that decision, otherwise I would have done so in the decision. However, there is a very simple reason: concentration. There are very few banks and if the banks are required to play an important financing role through short-term and long-term loans of all kinds to broadcasters and if, in addition, the banks had an interest, a right to participate in the capital, in the form of shares—taking some equity in the companies—this, in our opinion, would be directing a disturbing form of concentration to the banks."

[English]

**Mr. Fortier:** I said it was my last question on ownership but I have one other. Canada presently has three national television networks—CBC, CTV and Radio-Canada. Is there room in Canada for a fourth television network?

**Mr. Juneau:** Do you mean four counting...

**Mr. Fortier:** Four counting the French Radio Canada?

**Mr. Juneau:** There is room in some areas for an additional television station, but to what extent could it be a network I couldn't say at the moment.

**Mr. Fortier:** Do you see one going from Victoria to St. John's, Newfoundland, or one going from Windsor to Montreal?

**Mr. Juneau:** Oh, I think it would be easy to say that there are many places between Victoria and Newfoundland where there is no room for a conventional network. I am not suggesting that there is no room for additional services, but no room in any of these places for an additional network. That is my view. The CTV network at the moment only covers 75 per cent of the population. There is no CTV network unfortunately yet in Sudbury, North Bay, Timmins, et cetera. There is no CTV network in Brandon, Manitoba, and no CTV network in Kamloops, no CTV network in Cape Breton.

**Mr. Fortier:** This very naturally, and I thank you for it, opens my other line of questioning and it has to do with the extension of service—the extension of service policy of the CRTC. You have just recited a number of cities in Canada who are not served by CTV. Being aware and mindful of your decision in December of 1968 with respect to the extension of the CTV service in the Maritimes, Mr. Juneau, could you tell the Committee where this extension of service policy is going to take us in Canada?

**Mr. Juneau:** I will be very brief as I would rather leave time for supplementary questions. We have released an announcement today...

**Mr. Fortier:** Well, that is one I have missed.

**Mr. Juneau:** ...on the extension of service in northern Ontario and northwestern Ontario. We are very much concerned indeed with Cape Breton. We had, as you know, taken a decision some time ago and it now implemented to have CTV as a second service or an alternate service in New Brunswick and to extend alternate service in southwestern Nova Scotia. We have taken a decision two months ago, to extend alternate service to Kamloops, Kelowna, Vernon, Picton, et cetera, in British Columbia. That is where we stand at the moment.

**Mr. Fortier:** The BBG's original policy was to refuse, as you point out in your annual

report, introduction of alternate service in markets which could not financially support the new stations. This is at page 11 of your annual report.

**Mr. Juneau:** Yes.

**Mr. Fortier:** Are you today taking into consideration this aspect of the market being able to financially support the new station? In applying the Broadcasting Act, do you feel that you are justified in going beyond this financial aspect of the alternative service?

**Mr. Juneau:** I think unless we hear from Parliament that there are public funds available to proceed otherwise, we will go on keeping that factor in mind. There is no other way to support alternate service than by the income from markets from advertising. So any time that we do contemplate extending service by announcing a policy and hoping for applications, and so on, we have to make up our own minds, by our studies, by consultation with the parties in the industry, and with the CBC, to find out whether there are enough financial resources to support another station. We have to find out whether the station will be able to support itself with advertising and to what extent the existing station, whether it is a CBC owned and operated station, but more particularly if it is a private affiliate of the CBC.

**Mr. Fortier:** What if CTV should say for example—it is not really a hypothetical case, but I will put it to you anyway that "We don't want Moncton."

**Mr. Juneau:** Oh, well, I maintain my answer, but you are right. It is a more complex matter because fortunately, through the mechanism of the network, you can see to it that the richer markets support the weaker markets and that happens at the moment. I think it is an avowed principle of CTV networks. Many of the stations in the CTV network would find it somewhat difficult to support alone the services they get from the network. There is a form of subsidization in the CTV network and it is accepted as a basic principle of the network and certainly would be welcomed by the Commission and occasionally insisted upon.

**Mr. Fortier:** The Act speaks of broadcasting service in English and in French, Canada's two official languages. In those Canadian communities, where there are sufficient numbers of Canadian citizens whose native tongue

is neither French nor English, has the CRTC considered extending broadcasting services to those Canadians as an alternative service? Or do you feel hampered by the Act as it exists?

**Mr. Juneau:** We don't feel hampered. It would seem that services to minority groups, or services which reflect minority groups through the rest of the country is an extremely important function which should be achieved by the existing stations or by stations that are licensed. I don't think it would be possible to think of a third English network or a second French network because there are the beginnings of a second French network in Montreal and, I think, of an additional network...

**The Chairman:** Are you talking about other than French and English?

**Mr. Fortier:** Yes, that is what I meant.

**The Chairman:** You think that should be left to the existing stations?

**Mr. Juneau:** Well, unless, with an unlimited amount of money you can do an unlimited number of things.

**The Chairman:** Do you think there should be some third language broadcasting in this country?

**Mr. Juneau:** Well, there is some at the moment in Montreal and Toronto on radio.

**The Chairman:** And you presumably encourage that?

**Mr. Juneau:** Yes.

**The Chairman:** What do you think of the calibre of that third language broadcasting in Montreal and Toronto?

**Mr. Juneau:** We make it a point not to criticize broadcasting stations, except in our official decisions, and only if they need criticizing. I am not suggesting that they do.

**Mr. Fortier:** I have always wondered why Mr. Juneau didn't elect to become a lawyer! I don't want an answer to that, Mr. Juneau.

**The Chairman:** Perhaps just before we do have a break for a minute or two I could ask you one question, Mr. Juneau. I mentioned earlier that I sponsored the new Broadcasting Act in the Senate and I well recall the clause, which occasioned the most discussion in the Senate and probably in the

House of Commons, and I think, perhaps in this Committee, was the national unity clause. I would like to ask you about it. Perhaps I could ask you by referring to what I consider to be an excellent speech which you made to the annual convention of the Central Canada Association of Broadcasting last October at the Skyline Hotel. You said, and I am quoting you:

"Would it be reasonable to maintain that the national broadcasting service should not even 'contribute to the development of national unity' "

I must say that that was the only sentence that I could find in that speech to really wonder about, because the Broadcasting Act, it seems to me, is not a negative requirement but rather positive requirement. As I read it, broadcasters must contribute to national unity. So my question specifically is this—how can a broadcaster contribute to national unity?

**Mr. Juneau:** Well, it seems to me that there might be some misunderstanding about that sentence. I think that if I recall my speech I had declared that some people had expressed missivings about that part of the Act and I said that I was in favour of that part of the Act and that I had no misgivings whatsoever. Then I proceeded to explain why, and in arguing with the views different from mine I ended up by saying: would it be reasonable to say that the broadcasting industry should not contribute. The statement in the Act is very reasonable. It doesn't say that the broadcasting system should be a system of propaganda. It doesn't say it should defend any particular constitutional view. It just says that the broadcasting system should contribute to national unity. So I said would it be reasonable to figure that it should not contribute...

**The Chairman:** I take your point...

**Mr. Juneau:** Which seemed to be the view of some people.

**The Chairman:** I felt that you were creating a bit of strawman. I hadn't realized that there were people who took the opposite position. The point I am making, and perhaps making badly, is that the Act, it seems to me, calls for a positive action on the part of broadcasters.

**Mr. Juneau:** Yes.

**The Chairman:** And to contribute to national unity.



**Mr. Juneau:** It does.

**The Chairman:** Now, how can a broadcaster contribute to national unity?

**Mr. Juneau:** Well, I think I have spoken to that effect in that speech. I think that by reflecting effectively what is going on in every part of the country, reflecting what Canadians in various parts of the country think, and feel, and say, and how they work, how they think...

**The Chairman:** And then you say in another speech that it is clear that the views of those who are opposed to national unity must be reflected. How do the views of those who are opposed to national unity contribute to national unity?

**Mr. Juneau:** Well, I am sure you wouldn't mean that the views of those who are opposed to national unity should not be reflected?

**The Chairman:** Well, let me give you an hypothetical example. Let us suppose that there is an open-line radio broadcaster on a radio station who is clearly opposed to the principle of national unity. Let us say he is in English Canada and is hostile to French Canadians. Surely he is not contributing to national unity. But would he be tolerated because his views must be reflected? I appreciate that it calls for a judgment...

**Mr. Juneau:** It does but I don't think you can have pat answers to questions of that kind. I think that whenever you are dealing with the matter of freedom of expression there are no pat solutions. Whenever a regulatory organization has to take action, or to consider a problem which deals with the problem of freedom of expression, it has to hesitate a long, time before taking action.

And so when you quote a hypothetical case like that and say what should be done, I would say: "Well give me the case in detail." Because we are a quasi-judicial body, we will study the case in detail, we will consult our general counsel and we would probably take a long time; and then maybe we won't do anything about it because we will say: "Let the thing proceed; it is the best thing for the country."

However, after the same kind of extremely careful consideration, because we are dealing with the freedom of opinion, we might consider that in a particular case the person in question is creating subversion or sedition and we might decide that in the public interest

he should be interrupted; but there is no formula for that kind of situation.

**The Chairman:** I am going to ask you a question which you may not wish to answer—and please don't.

Are you satisfied that all broadcasters in Canada presently are contributing to national unity?

**Mr. Juneau:** Well, you know, I have said before that groups of broadcasters and the press have always been, I think, very responsible in dealing with our pronouncements on this matter.

Certainly, we are not satisfied. That is why we are there, in order to represent dissatisfaction, and to express more expectations for better service on the part of Broadcasters. We are telling that to the Broadcasters all the time.

There could be much more done by broadcasters, by the private broadcasters and the CBC in that area. There is no doubt about this. There could be a lot more work done in the whole field of public information, not only in the field of national unity.

**The Chairman:** Well, just for a moment or two, directing ourselves to this question of national unity, let us take a private radio station.

How can a private radio station contribute to national unity? Are there any special ways or is it simply through its normal broadcast pattern?

**Mr. Juneau:** Well, let me give you an example.

Some Toronto newspapers have had very good articles about what is going on in the field of popular music in French Canada at the moment.

French Canada, over the last 10 years—if you don't want to be too meticulous about the dates—has developed an amazing number of very good singers and very good song composers. Some of them are popular commercially with rather light types of songs; others are quite significant in the reflection of the thinking and the feelings of French Canada at the moment.

You very seldom hear them outside the Province of Quebec but the newspapers in Toronto have noticed them. The impressarios have noticed them and there have been a few concerts in Toronto. Some of them are very charming, entertaining. They are not

highbrow, and some stations have played them also.

At public hearings, when some of us have asked questions about those singers, most of the time the names weren't even known. So this is an example. I think that national unity could be sometimes achieved by transporting charm from one part of Canada to the other. There are a certain number of charming people of both sectors, on both sides of...

**The Chairman:** Even some from Toronto!

**Mr. Juneau:** Yes, even some from Toronto.

**The Chairman:** I would just like to pursue this for one more question, if I may.

I would like to put another question to you that we put to the publishers. Of course you are in the unfortunate position that we are able to ask you to speak for the broadcasting industry. I appreciate that that is very unfair to you.

When we think of national unity, those of us who are I suppose from Toronto and profess to have modest understanding of this issue, are inclined always to look at the responsibility of the English Canadians.

We have put the questions to a lot of publishers about their responsibility to French Canadians.

Do you think that broadcasting in French Canada contributes to national unity, and more specifically to an understanding of attitudes to the rest of the country?

**Mr. Juneau:** I think that undeniably much more could be done and should be done than is being done at the moment.

**The Chairman:** That by and large is the answer that the publishers have given.

**Mr. Juneau:** I have no doubt about that.

**The Chairman:** Mr. Fortier?

**Mr. Fortier:** I was very interested to note in this talk which you gave at the Skyline and indeed in the answers you just gave to the Chairman that you interpreted this obligation to contribute to the development of national unity as being one which is squarely put by the Act on the shoulders of the Canadian Broadcasting System.

But I would suggest to you, Mr. Juneau, from a reading of the Act, this is not what the legislators said.

Could we look together at the section—and I don't want to be overly legalistic I assure you. If we could just look at section 2, for example, sub-section (a). We there have a definition of what constitutes a "Canadian broadcasting system comprising the public and private elements."

And then in sub-section (f) we are told that there will be a "corporation established by Parliament for the purpose, a national broadcasting service that is predominantly Canadian in content and character."

Would you agree with me that what is referred to there is the CBC?

And it goes on to say in (g) that "the national broadcasting service," the CBC, should "contribute to the development of national unity."

It seems to me that the legislation imposes this obligation merely on the CBC and not on the privately-owned radio and television networks and stations. Do you agree with me?

**Mr. Juneau:** I would agree with your reading of section 2(g). However, I would like to draw your attention to section 2(b), which says:

"The Canadian broadcasting system should be effectively owned and controlled by Canadians so as to safeguard, enrich and strengthen the cultural, political, social and economic fabric of Canada."

In sub-section (d) it says that the programming "should be of high standard, using predominantly Canadian creative and other resources."

I would suggest that there is as clear a definition of intention there as there is in the other sub-sections.

**Mr. J. Hylton, General Counsel, CRTC:** Section 8 is important also.

**Mr. Fortier:** On the question of conflict?

**Mr. Juneau:** Yes.

**Mr. Hylton:** It is a conflict as to objectives you know in the two acts, Mr. Fortier.

**Mr. Fortier:** Yes. We always refer to this fostering of national unity and I find it interesting to note that specific obligation is imposed on the CBC.

**Mr. Juneau:** If you mean that the word unity has been used in 2(g), I agree with you

But I suggest that the same pre-occupation has been expressed in other words in the other two sections.

**Mr. Fortier:** This is how you have interpreted it?

**Mr. Juneau:** Yes.

**The Chairman:** I am going to suggest, Senators, Mr. Juneau and ladies and gentlemen, that we now adjourn for five minutes until 4.20.

#### Short adjournment

**The Chairman:** If I may call the session back to order. Perhaps I could put a first question to you, Mr. Juneau.

I suppose if I were to ask you how you would handle a hypothetical situation which might take place five or eight years from now, when some enterprising television station decided to run "I am Curious (Yellow)" on its late night movie, you would answer that you would make the decision five or eight years later.

**Mr. Juneau:** Well, I would answer that I would hope that someone else would be Chairman of the Canadian Radio-Television Commission.

**The Chairman:** What would you do now if some enterprising television station decided that it would purchase the television rights for "I am Curious (Yellow)"?

**Mr. Juneau:** I would call a meeting of the Committee.

**The Chairman:** What would you recommend to the Committee?

**Senator Quart:** Go and see it!

**Mr. Juneau:** Isn't that what all judges do when they have a problem like that—rush to the night club and look at the act?

**The Chairman:** Well, having looked at the act, what would you do?

**Mr. Juneau:** Well, I don't know, I haven't seen the film.

**The Chairman:** Well, what about this problem in general. Movies, as you know, are advertising better than ever and this is surely going to represent a problem on television somewhere along the line.

**Mr. Juneau:** Well, I think that there has been no serious problem in Canada. I think

that the problems that have arisen in Canada up until now where complaints have been more numerous in relation to a particular problem, have been handled responsibly by the broadcasters. I think it would be the opinion of the Commission that that is the better way to handle such problems. It would be unwise to expect a Commission like ours to be too active or to be too concerned with problems of that kind.

I think that the worse thing that could happen for the CRTC would be to become a censorship organization. As I said, I think up until now the broadcasters have taken care of those problems that have occurred. Considering that there are so many hundreds of stations in Canada broadcasting 17 hours a day, there haven't been that many problems.

**The Chairman:** Well, in essence then you are saying that in this entire area the broadcasters are self-policing?

**Mr. Juneau:** I would say that from our experience self-policing has been effective on the whole.

**The Chairman:** Mr. Fortier, did you have a supplementary question?

**Mr. Fortier:** Yes. You say that you do not wish for the CRTC to set itself up as a censor?

**Mr. Juneau:** Well, I said that I would regret a situation where the CRTC would be pushed into playing a censorship role.

**Mr. Fortier:** Because you do have that responsibility under the Broadcasting Act?

**Mr. Juneau:** I don't deny that.

**Mr. Fortier:** "No station or network operator shall broadcast any obscene, indecent or profane language." You have never had to have recourse to this regulation?

**Mr. Juneau:** The CRTC hasn't. The BBG, I think, had some problems in this area in the past but not the CRTC.

**The Chairman:** Are there not instances now of complaints that you are receiving about obscene and profane language on, for example, radio?

**Mr. Juneau:** Well, I think there may be some occasionally but none have been that serious that they have had to come to my personal attention or to the attention of the executive committee.

In other words they have been handled—those that may have occurred—in a routine



way and the normal procedures have taken care of the problems.

**The Chairman:** In this area are the standards different than those say of ten years ago—and I appreciate that you weren't there ten years ago. There is certainly a more liberal view in society at large, so is there a more liberal view in the community?

**Mr. Juneau:** Well, let me put it this way. I think that the Commission would be more inclined to rely on the Criminal Code to deal with matters of that kind as an indication of philosophy let's say.

But our regulations in that field, like in many other fields, as you know are not complete or definite, so I can't be more precise than that.

There are many areas of regulations concerning programming that we haven't dealt with but I think the philosophy will be the one I have indicated—that whenever such matters can be left to the court, we would do so.

**The Chairman:** Well, if I may give you an example.

When I was a boy and when you were a boy...

**Mr. Juneau:** There was no television.

**The Chairman:** No, but it was radio that I wanted to ask you about.

If we turned on CBC radio and most private radio stations in the country at 11 o'clock on Sunday morning we would hear church broadcasts.

I happened to be listening to the CBC radio either last Sunday morning or a week ago Sunday morning at 11 o'clock, and at about one minute to 11 o'clock heard a beeped-out if you will, four letter word on CBC network radio.

Does this distress you at all, does it concern you?

**Mr. Juneau:** Well, let me put it this way. I have been in the field of public communications for I think over 20 years now and on the one hand there is no doubt that people who have the profession of informing the public, have to inform the public. This means that very often, if not always, they precede the public otherwise they don't do anything.

On the other hand, I can say that very often, like a man or a woman in a small town or in a rural area of the country, I do resent, as an individual, smart alecky attitudes on

the part of the people in the metropolitan centres who think they have a God-given liberal mission of broadening the minds of the people in the boon docks.

**The Chairman:** In the hinterland?

**Mr. Juneau:** Yes, in the hinterland. I think it is a contemptible attitude and to the extent that that kind of thing happens in broadcasting, as an individual I think it is bad broadcasting and bad public communications. It is pretentious, it is contemptuous of the people and, I think, that there may have been a time when there was a public responsibility to liberalize the views of people on the phenomena of human reproduction.

I personally think that time has passed. I think the battle has been fought a long time ago. There may be a few skirmishes here and there that may have some importance, but I think on the whole it is a reactionary attitude and that it is a waste of time. There are so many more important things to do.

**The Chairman:** Perhaps there are so many more important things to discuss at this Committee, so we can turn to other matters.

**Mr. Fortier:**

**Mr. Fortier:** In the same vein...

**The Chairman:** I said there were more important things!

**Mr. Fortier:** In the same vein. Other matters, but in the same vein.

This regulation puzzles me because after this reference to obscene, indecent or profane language, we have the reference to "false or misleading news". There is also a reference to a programme on the subject of birth control which is taboo unless presented "in a manner appropriate to the medium of broadcasting," and "to a programme on the subject of venereal disease unless "presented in a manner appropriate to the medium of broadcasting". Have you as a Commission, since you have been in existence, had to censor a station or broadcast operator or network operator on any one of these grounds in regulation number 5?

**Mr. Juneau:** I am sure we haven't as a Commission. Under the Food and Drug Act, there may have been administrative decisions taken by some officers of the Commission which may in one way or other, perhaps remotely, have been related to that. But the answer is no, flatly.

**Mr. Fortier:** You have not used this particular regulation?

**Mr. Juneau:** This is a regulation of the BBG which goes back so many years, and all these regulations are being reviewed by the Commission at the moment. But we really haven't published new regulations in that field because we didn't feel it was very urgent. We had more urgent things to do.

**Mr. Fortier:** Would it be fair to say that by and large the broadcasters haven't given you a reason to use it?

**Mr. Juneau:** Well, they haven't given us a reason to apply those regulations. Mind you, when the regulations exist and a serious complaint arises, it tends to create a problem because if you have a regulation you are bound by it.

**Mr. Fortier:** Could a reader or viewer complain to the CRTC? Does this happen?

**Mr. Juneau:** Yes.

**Mr. Fortier:** On the use of say four letter words?

**Mr. Juneau:** Oh, I don't know. Again, I should say that no complaints have been that serious that it had to come to my attention.

**Mr. Fortier:** Going from one form of content to another, if we may apply our minds, Mr. Juneau, to the proposed new regulation concerning increased use of Canadian content which your Commission issued on the 12th February of this year.

Since these regulations—or proposed new regulations which I am sure you will wish to stress, and I intend to do also—are mere proposals and since they were made public early last month, there have been comments of all sorts voiced by broadcasters.

One of them—which I am sure has reached your desk if not your ears or your eyes—is as to do with the fact that the quality of programming, at least on the English language television stations, will decrease considerably.

Would you care to comment on that view?

**Mr. Juneau:** Well, I wouldn't comment on that view because it is a view expressed by a licensee who will appear before the Commission to support his views and the Commission will have to make a decision on whether the view of that broadcaster is correct or not.

I think that it is an argument that is valid, and it is a risk that one has to evaluate and

measure. I think we are quite prepared to grant that.

We are not prepared to accept the view that any increase in quantity is useless and is bound to have negative effects on quality. Certainly, you cannot obtain quality by decree. Quality is a matter of initiative, creation, imagination and the Commission is concerned with quality also. But I think that in every country of the world where you have broadcasting systems, except the United States, there is a very good reason for that.

I think the Americans are very generous people, but in this instance it is not because of generosity that there are no rules about foreign programmes because it is the most powerful broadcasting organization in the world.

There are no rules—there is one exception—no foreigners can own more than 20 per cent of American broadcasting stations.

It is also very difficult to buy a film company in the United States. It is possible, but difficult, and it is rather difficult to buy theatres also.

In all other countries of the world, where there is a film company or broadcasting industry, there is a very definite system of rules to permit the development of national broadcasting, a film industry, etc.

There is such a situation in Great Britain, in France, in Italy, in Japan, in Germany—in every country of the world where there is a broadcasting industry or film industry to speak of.

All those rules have to do principally with quantity because that is the way that you help an industry to start, and then you hope that because of various other factors quality will develop also.

When Great Britain in the 1950's set up a series of rules to help the development of feature films in Great Britain, there was exactly the same kind of outcry that the films would be of terrible quality.

The British people who had invested money in television and in motion picture theatres and who thought they could attract larger crowds with American films and make more money that way than with the British films (that would have to be made under those rules and made quickly and be of lesser quality, were using exactly the same argument.

Now, Great Britain is one of the most prosperous countries in the world as far as film making is concerned.

Admittedly, much of the activity is helped by the presence of American companies and



actors and so on, but there is a very active motion picture industry in Great Britain.

**Mr. Fortier:** So what you are saying is that by increasing the quantity of Canadian content you are hoping that the quality will also be increased?

**Mr. Juneau:** I am not saying it is going to be automatic.

**Mr. Fortier:** No, but you are expressing a hope?

**Mr. Juneau:** I am saying that it is one of the factors that can have an impact. Before you can have good programmes, you have to have programmes. Before you can have a film you have to have a film maker, or you have to have film companies. If they haven't even the stepping stone to start, they can't start.

**The Chairman:** Senator Quart?

**Senator Quart:** May I, at this stage of our proceedings, congratulate you. I heard you on television the other night explaining the Canadian content and I for one think it is wonderful to give an opportunity to Canadian talent. How else are we going to help our Canadian people.

**Mr. Juneau:** Thank you.

**Senator Quart:** And I really believe that some of our Canadian talent is superior to some of the programmes we see coming from the United States.

I am not always in agreement with the CBC—may I just continue for one second Mr. Chairman?

**The Chairman:** Certainly.

**Senator Quart:** About three years ago when Mr. Pearson was Prime Minister, there was a Committee, a "clean-up T.V. campaign" established—I think you have heard me mention this on another Committee . . .

**Mr. Juneau:** Yes, and enjoyed it thoroughly.

**Senator Quart:** I did receive a lot of compliments.

**The Chairman:** I wish you and Senator Quart would get down to the facts! I would be very grateful Senator Quart if you would put the question, and Mr. Juneau, you answer it!

**Senator Quart:** Well, it started out in the West and I had nothing to do with it. I don't

know if I signed it or not, but I wish I could have signed it ten times. We had about 65,000 signatures on it at the time and I think it accomplished something.

I think our Chairman—I don't know whether he mentioned it—came to my office at one time about the Committee.

Now a gentleman, I believe of your committee or in some connection anyway with the CBC, called about eight or nine months ago and asked me if he could borrow books.

There was nothing I wanted more than to get rid of those books in my office. So I telephoned the woman who had really spearheaded this and finally got all the books. He could then look them over very carefully and see that no two people signed.

However, what I usually tell people who complain—and I know very well you receive many letters of complaint and telephone calls—that it is no use writing to the CBC. But I said to write to the sponsor—when there is a sponsor—and you will get action. I know that action has been taken in many instances.

**The Chairman:** Senator Smith?

**Senator Smith:** We had a very interesting discussion this morning. Mr. Juneau, with Professor Thomas McPhail, the co-chairman of the department of communications at Loyola University.

Among a lot of other very interesting things he said was something dealing with Canadian content.

I think you might be interested in knowing that he said that the problem of Canadian content is of such importance and so challenging that if we don't do something about it there will be no Canada within ten years.

Is that very much of an over-statement?

**Mr. Juneau:** It is easier for a professor to make a declaration like that than for a public servant, but I am inclined to agree.

**Senator Smith:** He went on—I thought you might agree with this also—to put a figure on what we should be willing to pay and the funds should come from the government and from the television industry and from the advertisers I suppose. He put the figure of a billion dollars for getting good Canadian content.

He even suggested that one way the Government could get it would be by abolishing the Senate, thereby saving two million dollars. He felt so strongly that he also wanted to abolish family allowances and so on.



**The Chairman:** It was a billion dollars a year.

**Senator Smith:** Yes, per year.

**Mr. Juneau:** Well, is he a Professor of Economics?

**Senator Smith:** Communication Arts. I think what his point was, and I think you will agree with me, that he was just trying to shake somebody up and perhaps overstate the case.

But as a young man he felt pretty strongly about the lack of Canadian content.

**Mr. Juneau:** Well, let me put it this way. I think the economics are exaggerated. I think that it is a difficult problem and there are not unlimited funds in private broadcasting. Although some broadcasting companies can be quite prosperous and make very good profits, if you look at the whole industry and say: "Okay, supposing you cut the profits to 6 per cent or 7 per cent, or what anybody would consider reasonable, suppose it is 10 per cent—because you can get 10 per cent or 8-3/4 per cent from the banks now—how much money is there left?" In other words how many more millions would you have to invest in programming?

It is not a very large sum of money. Money is a problem but I don't think it comes anywhere near that figure.

As far as the philosophical aspect of the question, I think that broadcasting, with certain other areas of life in Canada, newspapers, certainly the media in Canada, in general—and without making too complicated a thesis—are a reflection of what we say and what we think.

It is like an individual, how he sees his life, how he imagines what he is driving at, where he is going, and that is how he expresses it. It is the image he has of himself, the image he develops as to what he wants to make of himself.

Now, anybody who reflects a little bit on his own personal experience knows that unless you decide what you are going to do, unless you have a somewhat precise image of what you want to do, it is no use thinking that you are going to get up in the morning and do something. To get up in the morning and just do what you did the morning before, sort of continue in a sort of pragmatic down to earth way—I am not saying that you are not achieving things

this way—you are but you have no hope of going very far.

It is the people who have an image, a picture, and if the picture is more elaborate it becomes a precise purpose, an objective, but this is the result of communication.

If a country doesn't have a lively, vital and active communications system, if all the talk, all the movement of views, ideas, and opinions, and all the images come from outside, then I suggest that after a while you have no common purpose, and if you have no common purpose it is like an individual who has no personal purpose. You are not getting anywhere, and in that sense I agree. I think it is a very important concept to clarify at the moment in Canada.

Of course, if we think of broadcasting as a pipe system to transport goods then of course that is another matter altogether.

I think that there are cheap ways of doing that and we don't need to have committees or commissions and complicated legislation and so on. There are very pragmatic ways of doing that very fast and cheaply and I don't need to describe them. But that is not why my colleagues and myself have accepted the responsibility of this Commission, and I don't think that is why Parliament has taken all the trouble of developing this Act.

If you read it carefully there are much broader and fortunately much more intelligent expectations in this Act than just providing canned entertainment.

**Senator Smith:** Well, thank you very much for your very interesting response.

**The Chairman:** Senator McElman?

**Senator McElman:** Within the context of what you have just said and also Section 2 (e) and (g) of the Act:

Section 2(e): "All Canadians are entitled to broadcasting services in English and in French as public funds become available."

And in Section 2(g): "the national broadcasting service should—be in English and French serving the special needs of geographic regions . . ."

There are 250,000 French-speaking people in New Brunswick out of a population of approximately 625,000 who live primarily on the northern shore of the province and currently do not get French language television to a large degree.

**Mr. Juneau:** As you know we have made a decision which is being implemented now by the CBC that the CBC should have a real station, a French language station, in Moncton and not only a re-broadcasting station at Montreal as it still has at this minute. Any month now they expect to open an originating station in Moncton which would hopefully at some point cover the whole of New Brunswick and Nova Scotia.

As far as northern New Brunswick is concerned, you are right, there is no service in northern New Brunswick in French except coming from the Gaspé over Chaleur Bay. We are very much concerned about that.

We would like, once we have finished with northern Ontario, to devote a great deal of energy to that situation and to Sydney and northern Cape Breton, where there is no service at all at the moment.

There is a very small population, about 2500, but it is scandalous that there should be no service at all in either English or French.

**Senator Smith:** Or maybe Gaelic!

**Mr. Juneau:** That may be wise. It is difficult of course because it requires two or three rebroadcasters and the rebroadcasters can only be supported by the CBC. Then we are back to the priorities of the CBC and the financial situation of the CBC at the moment.

**Senator McElman:** Well, I have established your priority so I had better wait for the CBC to establish theirs in that context.

**Mr. Juneau:** Well, there are communications between the CBC and the CRTC.

**The Chairman:** Mr. Boyle, you made what I consider a significant and worthwhile speech in San Francisco on the 29th of December last year.

You said in part that we do not really know what television is doing to our children.

Is the CRTC trying to find out?

**Mr. Harry J. Boyle (Vice-Chairman, Canadian Radio and Television Commission):** Well, Mr. Chairman, I was beginning to think you would never ask.

**The Chairman:** I have lots of questions.

**Mr. Boyle:** That particular speech was actually a draft of a proposal for a seminar at the American Law Professors Association.

In passing I must say that if you really want to get publicity for a speech step outside your own country and make it.

In terms of the specific thing you refer to, I think part of the continuing problem of society is trying to determine some of the influence that television has not only on children but on adults.

It is widely debated among sociologists but no one really has any pat answers for it.

I think however there is one fundamental thing to remember, that if a commercial on television will move products, certainly programmes on television will have an influence on people.

We are concerned and continue to be concerned about the effects of television.

**The Chairman:** Are you doing any specific studies.

**Mr. Boyle:** Not at the moment on that subject.

**The Chairman:** Have you done any specific studies?

**Mr. Boyle:** Not on that subject.

**The Chairman:** There was a group before us which made a great point about the need for this kind of study.

Do you think that that would be a useful thing?

**Mr. Juneau:** Yes, it would be useful I think, but you know it is a matter of how many things you can do at the same time.

**The Chairman:** But you would agree that this is an area where you should be doing some work?

**Mr. Juneau:** Oh, certainly.

**The Chairman:** May I read another quote from your speech. I read it only because I think it is one of the most delightful quotes I have come across in a long time.

"There is something ludicrous about middle-aged people, speaking from their vested interests, lamenting the faults and woes of the generation which they allowed to grow up over the last number of years under the care of electronic baby-sitters, namely T.V."

That is a great quote. Would you comment on it?

**Mr. Juneau:** Well, I would prefer just to let it stand.

**The Chairman:** Well then, maybe I can draw you out on one other remark you made in another speech.



You talked about the public hearings of the CRTC and you said that the citizens had a chance to come to the meeting, and I quote you: "Unfortunately, too few came forward."

How are citizens informed of CRTC meetings? Is the only way that citizens learn of the public meetings by those dull stereo-type advertisements that the CRTC puts out?

**Mr. Boyle:** I think we have allies in a group of very active people in other forms of media in this country who are concerned about it and who constantly keep referring to hearings, and incidentally keep referring to the fact that the hearing is a form of democratic expression which could only remain democratic if the public does participate in them.

Now, as to the business of whether we have singing commercials for the hearings—we haven't progressed to that point as yet.

**The Chairman:** You know, I know I shouldn't have asked you any questions.

Don't you think that if you seriously wanted to get greater participation at those public meetings you could?

**Mr. Boyle:** I may say that it struck me when I came to the Commission that it was a peculiar omission that when stations, which are broadcasting undertakings, were appearing before the Commission for the very vital part of their life—the renewal of their licence or transfer of their licence—these announcements were only being made in newspapers.

Yet on the other hand they were saying, they were potentially the most vital form of communication in the country. You will notice that in the draft regulations, we are now requiring the stations themselves to publicize the fact that they will appear at a certain time before the Commission.

I feel if I may be allowed to make a personal comment, that the public hearing is a place where all those people who are concerned should make representations about their concerns about broadcasting.

I realize it is difficult because we hold hearings in certain parts of the country, but there is a procedure by which they can make known to the Commission their views in terms of a particular broadcast organization.

And while some broadcasters—not all but some broadcasters—have resisted the fact that we encourage the public to make representations to the Commission, this is a fallacy. Everyone living in a community has the right to express their feelings and views

about how they consider the Commission should be discharging its responsibilities.

**The Chairman:** And they should do it at those hearings?

**Mr. Boyle:** That's right. They can make representations either orally or make representations by letter.

**The Chairman:** Would you express an opinion on the people, one of whom Mrs. Pearce used to be, television critics? Surely they have a function. You wouldn't expect them to withhold their opinions until they came before the Commission?

**Mr. Boyle:** I find the critics most charming.

**Mr. Juneau:** I was just going to repeat what Mr. Boyle has said. The proposed new policy and regulations that we have published early in February, are proposals which require the broadcasting organizations to announce on the air that they are applying for renewal of a licence or any other application of that nature.

So there will have to be advertisements or announcements on radio or television.

**The Chairman:** Is it possible that at some of your hearings there are so many applicants there is no room for the public?

**Mr. Juneau:** That is true.

I know that there is a certain backlog of work to be done in the field of broadcasting, and until some of this backlog has been cleared there will continue to be things that we would enjoy doing very much and which we think are very important but we have to finish the housekeeping so to speak.

**The Chairman:** I have only two more questions. Perhaps I can put them and then turn to the Senators.

What is your general opinion of the calibre of private radio in Canada?

If the question is too sweeping, perhaps I could be more specific. Are you concerned about those private radio stations which as I understand are programmed in the United States?

**Mr. Juneau:** Yes, we are, and we have said so many times.

**The Chairman:** Are there many of them?

**Mr. Juneau:** I can't tell you. We haven't made any detailed studies.



We have the impression that there is a great deal of format kind of programming—whether the programming is actually done by an American consultant or whether it is just the format that is adopted.

**The Chairman:** You mean that the “format” is stolen. Perhaps “adopted” or “borrowed” would be better words?

**Mr. Juneau:** Yes.

**The Chairman:** But some of them are sold I understand?

**Mr. Juneau:** Some of them are sold, yes.

**Mr. Boyle:** The format consultants are put into effect.

**The Chairman:** Yes.

Could I ask you Mr. Juneau—and this is a question I am sure you will be discussing next week—what is the attitude you have towards commercial advertising on the CBC?

Although we haven't really turned to broadcasting, recommendations have been made to us already that there should be no commercial content on the CBC.

**Mr. Juneau:** Well, I can discuss it to some extent. I am inclined to think that, although the Commission has no policy on that, that to suppress commercials completely on the CBC would not be a good thing.

For one thing, you would have to replace \$30,000,000 and to replace that revenue would be a real problem. I think that the relationship with the world of business is represented by advertising and I suppose you may agree, Mr. Chairman, that that is not a bad thing in itself.

I think that this kind of relationship between the CBC and the world of advertising and advertisers is a good thing. I think that the relationship between a public organization like the CBC and the world of advertising can have beneficial effects not only because of the revenue but because there is a certain down-to-earth effect of having to deal with the obligation of business which is a good thing.

Certainly it can also lead to situations which are not good. There is a problem also that has been raised by some of the broadcasters as to whether the CBC could be inclined to use its strength as a subsidized organization to compete with private broadcasting, and whether this gives the CBC unfair means to compete with private broadcasters to obtain advertising.

**The Chairman:** Senator Everett?

**Senator Everett:** You say, Mr. Juneau, that the CBC derives \$30 million a year from commercial advertising?

**Mr. Juneau:** I think that is the approximate figure.

**Senator Everett:** Does anyone know what it costs the CBC to get those commercial revenues if you exclude from that, programme costs?

In other words, I would be talking about the commercial costs.

**Mr. Juneau:** I wouldn't have the figure myself. Perhaps Mr. MacDonald would have the figure. I don't know what the costs of maintaining a sales organization for the CBC might be.

**The Chairman:** Is that what you meant specifically?

**Senator Everett:** Yes, the whole commercial operation. I was just wondering whether they were making a profit on their commercial department.

**The Chairman:** Well, we can ask the CBC. Publishers have come here—a great many of them, particularly in the magazine industry—complaining to us about the fact that the CBC sold programmes for less money than it cost the CBC to produce them, and they felt that this was unfair competition.

Is that the case and is it unfair competition?

**Mr. Juneau:** I think if you look at it carefully I would be inclined to think that it is probably not always unfair.

There may be cases when it is but I would think that you probably have the same thing with large international companies or American companies supporting programmes on NET for the commercial network in the United States when they don't pay the full cost of the programme. Somebody produces the programme and is willing to put up the money, then they receive a large amount of support from an individual sponsor. I think that it would be regrettable if the CBC could never obtain—in a revised commercial policy) support for a programme unless it was 100 per cent support.

If you want to make it completely comparable to a commercial operation it would have to be a hundred and some per cent in order to make a profit. So it would be somewhat ridiculous to take that position.

There may be some hypothetical cases where a programme should be sold com

mercially because it is strictly a commercial programme, and if it can be sold by a private broadcaster with a profit then the same criteria should apply.

I think perhaps the general philosophy should be that if what you are doing fits within a commercial pattern, then you should expect to play the commercial game. You shouldn't cheat with the rules of the game. That would be my view. But I think when you talk of certain points of institution sponsorship it is not cheating with the rules of the game to accept support for a programme which you produce on your own.

**The Chairman:** Mr. Fortier?

**Mr. Fortier:** Would the game remain fair if the viewers were charged a licence fee to receive CBC programmes for example?

**Mr. Juneau:** Well, you are talking of another Broadcasting Act now.

I think this poses important changes in broadcasting. It was dropped by Parliament so many years ago, and whether it is feasible or not now I think would require a great deal of thinking.

You have that kind of system in cable broadcasting and cable television at the moment.

**Mr. Fortier:** With the increasing importance which cable broadcasting is taking in Canada, is it not possible that we will see the day where all viewers will be assessed a fee in order to receive these 50, 60 or even 80 channels in their home?

**Mr. Juneau:** I think there is an enormous amount of exaggerated literature on that subject.

**The Chairman:** Well, I think we are getting into the general area which Senator Everett wanted to discuss. Would you like to say anything on the subject of technology?

**Mr. Juneau:** Well, I don't speak as an engineer, which I am not, nor as a technologist, which I am not either, but I think that we are still coping in Canada with the difficulty of supplying two services, one in English and one in French, to as close to the total population of Canada as possible.

We provide the English television service to 95 per cent of the population and, as we were saying earlier with Senator Smith and Senator McElman, there are areas of the country where that has not been achieved as yet.

The second television service serves 75 per cent of the population and the 25 per cent of the population which does not get service is clamouring for it and using every possible means of getting it. And I suppose those people are right.

French service is provided almost everywhere by 'rebroadcasters'—there are CBC originating stations in Montreal, Ottawa, and Quebec City.

In Northern Ontario where 35 per cent of the population is French-speaking, service is provided from Montreal. At this moment Moncton and the whole of the Acadian population (which is half a million people) get service from Montreal.

So all that to say that the problem of providing the whole population, or close to 100 per cent of it with broadcasting service through cable is, I think, some distance away.

The problem is that if we adopted a course full speed toward not a hundred channels (because that is a little bit further away) but 24 channels which is not very far away, if we tried to serve the whole population with these 24 channels, it would require immense investment, a fraction of which we don't have at the moment, to supply the broadcasting services to the population in English or in French.

I suggest that if we do invest that amount of money to promote this kind of service fast (because you would have to do it fast, otherwise the population wouldn't let you) then we wouldn't have any money to do anything else.

**Senator Everett:** Would you enlarge on why you would have to do it fast?

**Mr. Juneau:** Because it is a matter of balance I think. If you do it at a certain rhythm, there is a risk in choking broadcasting.

If you don't do it with a certain policy, a certain course or co-ordination, a certain care for the balance between broadcasting and the new form of communication, you risk choking broadcasting. Then you would lose your people in the rural areas because they would lose all the services, or the service they would get would deteriorate to a point where it wouldn't be interesting any more.

So, one way or the other, the rural areas, the distant areas, the people who need communications more than the others because they are further away from the metropolitan areas, are going to see their broadcasting system, which they get free at the moment, reduced considerably or even lost completely.



It is the smaller places that are going to suffer first.

I have a letter here about a station in Yuma, Arizona which is the result of exactly that; it disappeared, exactly because of that kind of thing.

The cable system progressed in such a way that the T.V. station had to close down about a month ago.

**Senator Everett:** Doesn't that mean that the cable system served the area then?

**Mr. Juneau:** In Yuma itself probably. I can't go on discussing the case of Yuma because I don't know it that well.

Take the cases of Lloydminster or Red Deer or Chicoutimi; in all those more distant areas of the country where cable wouldn't be possible, there would be areas outside of Lloydminster—the T.V. station in Lloydminster at the moment . . .

**Senator Everett:** Is that a rebroadcast station?

**Mr. Juneau:** No it is a separate station.

**Senator Everett:** A separate station?

**Mr. Juneau:** Yes, providing local programmes. So is Red Deer—and there are two broadcasting stations in Chicoutimi. They provide a service not only to Red Deer, Lloydminster, Chicoutimi, Jonquière or Arvida, but to the whole rural population around these places.

Now, if you kill these television stations you might have . . .

**Senator Sparrow:** Why would you?

**Mr. Juneau:** Because of unlimited and unregulated competition from CATV.

**Senator Sparrow:** I thought you said in the case of Red Deer it wouldn't be worthwhile to bring cable systems into Red Deer?

**Mr. Juneau:** No. I am speaking of rural areas around the centres which are served by—let me give you a certain list of figures.

Take Lethbridge, for example. The population of the city of Lethbridge is 37,000. This population is in the beam contour of the station. The population outside the city, where it is very difficult and expensive to develop a CATV system, is 91,000. So the population of Lethbridge is 41 per cent.

I can give you all kinds of examples: Moose Jaw is 16 per cent; Brandon, 28 per cent; Red Deer is 24 per cent.

**Senator Everett:** Then what sort of policy is the CRTC likely to follow to prevent this from happening?

**Mr. Juneau:** Well, I am just saying that we must foster the development of cable but we must be very careful about a theory—it is not a theory—it is a slogan which is expressed quite often—that you shouldn't resist technology, if the technology is there you should use it.

I say it is not a theory. I think any sensible person thinking about that would realize that in 1970 it doesn't make sense. There are all kinds of technologies that have to be controlled today because they were not controlled 20 years ago, and we are now paying for it.

We have not controlled the technology of detergents and we have a considerable pollution problem.

**Senator Everett:** Let's go back then to a situation such as the city of Toronto where the problem doesn't arise.

What do you see as the future of CATV in Toronto? Will there be 80 channels in Toronto?

**Mr. Juneau:** I would say that there should be 80 channels in Toronto if we want 80 channels in Toronto. Not we, the CRTC.

If there should be a policy and if there should be 80 channels and if from a policy point of view it makes sense to have 80 channels—and I don't much care if this does happen . . .

**Senator Everett:** How about 24?

**Mr. Juneau:** Well, even 24—what do you want to do with them? If 24 channels in Toronto means that you have to import all your material to fill 24 channels and if it means that you have to import all the top American papers into Toronto through facsimile and so on, instead of developing newspapers in Toronto while which can have co-operative arrangements with the American papers like the *Globe and Mail* has with the *New York Times* or with the *London Observer*, if it means to fill those channels just because the channels are there, then I say we should question that.

**Senator Everett:** Do you feel that the CRTC has jurisdiction over closed circuit broadcasting, or what might be considered closed circuit broadcasting?



**Mr. Juneau:** No, I don't think it has.

**Senator Everett:** Do you think it should have?

**Mr. Juneau:** Well, I really can't say.

**Senator Everett:** Well I am thinking of an Italian closed circuit operation that's in either Toronto or Montreal.

**Mr. Juneau:** Well it might be useful if you defined what you mean by "closed circuit?"

**Senator Everett:** Well, I used the term "closed circuit" . . .

**Mr. Juneau:** I said we don't have any jurisdiction on closed circuit, so maybe we don't have the same definition of what closed circuit is.

**Senator Everett:** We probably don't because I am not sure that I understand what I am talking about.

As I understand it, your policy is that your jurisdiction extends to what you take off the air or put on the air. Closed circuit I suppose would be, for instance, a cable television station broadcasting, or if I went to the common carrier (to the Bell system) and said that I would like to rent a cable and I hooked up directly to that cable and the homes were hooked up, I would gather that would be closed circuit. Alternatively, if a newspaper decided they would have facsimile transmission . . .

**Mr. Juneau:** Well, let me put it this way. If the system is licensed by us because it is an open-ended system, because it has an antenna to pick up signals from the air, we think we have jurisdiction on everything that system does.

**Senator Everett:** So that if a CATV system broadcast its own material you still have jurisdiction.

**Mr. Juneau:** That's right, that is what we think.

**Senator Everett:** What about the situation that you might have when somebody uses the common carrier and doesn't bring anything else in?

**Mr. Juneau:** You mean if there was completely closed circuit?

**Senator Everett:** Yes.

**Mr. Juneau:** I have no comment on that. We probably would have jurisdiction on it but I don't know.

**Senator Everett:** Would you seek jurisdiction?

**Mr. Juneau:** We wouldn't seek jurisdiction of any kind unless there was a prima facie evidence that it was the intention of Parliament to give us jurisdiction. Unless it was our interpretation that the government wanted us to have jurisdiction we wouldn't seek jurisdiction.

I think that if we think it was the intention of Parliament by reading the Act to have jurisdiction, then it is our duty to go to court and maintain that jurisdiction.

If we think it is clearly outside of our jurisdiction, then I don't think it is up to us to seek jurisdiction. It is up to Parliament to determine whether we should have it or not.

In other words, we are not looking for work.

**Senator Everett:** On May 13th, 1969, I understand the CRTC stated that it favours local programming on CATV to develop community identity.

Is this programming by the holders of CATV licenses rather than programming brought in by them?

**Mr. Juneau:** You read from our May 13th announcement I think?

**Senator Everett:** About your May 13th announcement, that is correct.

**Mr. Juneau:** And you are referring to the local programming under me?

**Senator Everett:** Yes.

**Mr. Juneau:** Well, we think that CATV should develop programmes of that kind themselves.

We are not suggesting that they could not in certain instances have a relationship with a local group who would do part of this programming.

We think that this would be quite normal but we expect that the initiative will come from the licensees.

**Senator Everett:** Why do you think that? Why wouldn't you use the CATV system as a common carrier?

**Mr. Juneau:** Well, it seems to us that there is a potential for communications in the

CATV system and it is a matter of when the initiative is most likely to come. We think the initiative is necessary in the public interest.

The Act of Parliament has put the CATV system under the Broadcasting Act and made it a part of the Canadian broadcasting system, or to quote the Act, of the "single system" in Canada, that the CATV system provide a means of communications and that the initiative to make that system useful will most likely come from the people who are licensed.

**Senator Everett:** Would they in your judgment be able to accept advertising?

**Mr. Juneau:** Up to this point we have said that in normal situations there shouldn't be advertising.

**Senator Everett:** There should be?

**Mr. Juneau:** There should not be.

**Senator Everett:** But in order to sustain this in the future, this move towards the creation of stations out of the CATV system themselves, would you not have to buttress them with advertising revenue? Otherwise, why would they start them?

**Mr. Juneau:** You mean that they can make a profit without doing any programming?

**Senator Everett:** Well, they get the same revenue whether they programme or not.

**Mr. Juneau:** That's right.

**Senator Everett:** Why would they do this?

**Mr. Juneau:** They would do this because they have a franchise, and if their franchise brings in enough revenue to provide this additional service to the public . . .

**Senator Everett:** Your point is well made. Do you see advertising revenue being a possibility in the future?

**Mr. Juneau:** It is a possibility. I think the Commission said in the document that you quoted in other instances that it should have a flexible attitude on these matters and should consider the problems and the possible solutions that are brought forward by the licensees, it should consider if that kind of revenue is required and if it is the best way or the only way to provide the means to add to the service.

If on the other hand it will not constitute unfair competition to the broadcasters, then

we can consider it. There has been opinion expressed to the Commission in that direction.

Frankly I don't know whether the Commission will decide on that eventually. It doesn't have a rigid attitude on the matter. It is simply a matter of waiting.

It may be that it is not the best solution and it may be that there will be some other people in the CRTC executive who think that the best solution would be to increase rates in proportion to the increased services, provided the profits are not unreasonable.

That of course brings us back to the question that Mr. Fortier was asking earlier about the CBC. Should we go back to a licensing system and reduce advertising?

It would be very difficult I think to go back to that system for broadcasting stations. You have that system now for cable and maybe before banning it we should weigh all the factors very carefully. So it is an interesting situation.

**Senator Everett:** I wonder if I could ask Mr. Boyle what Telesat will do to this growing cable network system and broadcasting generally?

**Mr. Boyle:** I don't know. I know that is not a popular answer, but I really don't know.

**Mr. Juneau:** Telesat?

**Mr. Boyle:** Telesat.

**Mr. Juneau:** I don't think Telesat is going to do much because Telesat is going to have a limited number of channels. It is going to distribute CBC programmes and it is going to be used by the common carrier.

I haven't seen recent plans of Telesat, but I did know what the original plans were. Once they had put a couple of channels at the disposal of the CBC and a couple of channels at the disposal of the common carrier, and maybe keep another channel for other odd requirements, there wouldn't be much capacity left in the system.

Normally there would be ground stations in three or four places in the country to receive the signals from the satellite.

Maybe a second generation satellite could be useful—a more powerful satellite three or four or five years after Telesat—with more power and more channels and a form of ground antennas that would be inexpensive enough that the CATV system could afford them.

If you had an antenna which, instead of costing a million, two million or three million



dollars, costs a few hundred thousand dollars, and if the satellite were strong enough to reach those antennas then it could have a great impact on cable.

**Senator Everett:** Dalton Camp said yesterday that with the tremendous growth in the number of radio stations, it killed network radio.

Is that your view?

**Mr. Juneau:** Well, I just don't know.

**Senator Everett:** He said also if the same thing happened with television, a sort of a CATV approach with 24 channels, it would also kill the network.

**Mr. Boyle:** Well, network television killed network radio. Radio for a while staggered and then found a new kind of service.

I presume what he was referring to was radio networks. Radio networks had a stated purpose across the country. There is still of course the CBC network and there is still a form of radio networks in the United States. Mutual I think has one.

**Senator Everett:** If there was a proliferation of stations in television would there be any effect in your judgment on the network?

He said that you couldn't sell advertising to national advertisers if all you could give them is one 24th of the market.

**Mr. Boyle:** There is something wrong in the logic there. There is something wrong with his proposition.

If you proliferate television stations, you can only exist outside of the CBC if they derive the revenue; and you can't have a network without television stations. So they interlock and I don't see how, if you proliferate television stations, they would survive—they wouldn't have enough revenue to keep them going.

**Mr. Juneau:** It depends what we are talking about. I think that if you are thinking of 24 channels which would give the same kind of programmes that are given by mass appeal television stations, you probably couldn't sell advertising, because you would split your audience in 24 equal parts.

I think that when you talk of 24 channels you are talking of a certain number of mass

appeal channels, Canadian channels, American channels and public information channels which may be directed also to a larger audience.

But then you are talking after that, more and more of specialized audiences and some cable operators are talking about a special cable for doctors, for instance.

I don't think that kind of service, if it is economically feasible would kill T.V. stations more than pocket books killed newspapers.

**The Chairman:** And one channel for politicians.

**Mr. Juneau:** Oh, that would have a mass appeal, I am sure.

**The Chairman:** May I say to the Committee I am very sorry, but I have no choice but to terminate this hearing.

I know there are Senators waiting with questions and I can only apologize.

The Chairman of the CRTC has an appointment at 5.30, and he has already overstayed by 15 minutes. I myself have to catch a plane. I am very embarrassed but there is very little I can do.

Perhaps however I could say, on the Committee's behalf, that we do have some idea Mr. Juneau of how busy you are, and I think for that reason we are doubly grateful for your presence and for the information you have taken the time to send and certainly for the people you have brought here.

I may say, and indeed I have said on many occasions, that since the inception of this Committee, the CRTC has been most co-operative. Whenever we have requested assistance it has always been forthcoming and we are very grateful.

I suppose one problem, sir, of being such a gracious and forthright witness is that I feel compelled to put you on your notice that the Committee may ask you to make a short return appearance, because I am sure the Senators have many other questions.

We won't make a date now, but it may be that we would like to ask you back. Thank you very much.

May I say for the benefit of the Committee that the Canadian Jewish Congress is unable to attend the hearing at 10 a.m. tomorrow due to staff difficulties and previous commitments. They will be sending a written



brief before mid-April which may be made public. scheduled. That will be the only brief we will be receiving tomorrow morning.

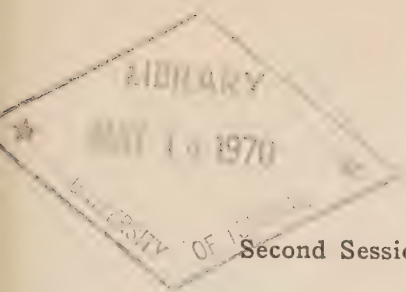
However, the Consumers Association of Canada will be appearing tomorrow at 10 o'clock rather than at 11.15 as originally scheduled. Thank you very much. The meeting is adjourned.

The Committee adjourned.









Second Session—Twenty-eighth Parliament  
1969-70

# THE SENATE OF CANADA

## PROCEEDINGS OF THE SPECIAL SENATE COMMITTEE ON

# MASS MEDIA

The Honourable KEITH DAVEY, *Chairman*

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No. 27

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FRIDAY, MARCH 6, 1970

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### WITNESSES:

*Consumers Association of Canada:* Mrs. W. A. Brechin, Chairman,  
Consumer Studies; Mrs. B. D. Balls, Executive Secretary.

MEMBERS OF THE  
SPECIAL SENATE COMMITTEE ON MASS MEDIA

The Honourable Keith Davey, *Chairman*

The Honourable L. P. Beaubien, *Deputy Chairman*

Beaubien,  
Bourque,  
Davey,  
Everett,  
Hays,

Kinnear,	Prowse,
Macdonald ( <i>Cape Breton</i> )	Quart,
McElman,	Smith,
Petten,	Sparrow,
Phillips ( <i>Prince</i> ),	Welch.

(15 members)

Quorum 5

## ORDERS OF REFERENCE

Extract from the Minutes of the Proceedings of the Senate, Wednesday, October 29th, 1969.

With leave of the Senate,

The Honourable Senator Davey moved, seconded by the Honourable Senator Lang:

That a Special Committee of the Senate be appointed to consider and report upon the ownership and control of the major means of mass public communication in Canada, in particular, and without restricting the generality of the foregoing, to examine and report upon the extent and nature of their impact and influence on the Canadian public, to be known as the Special Committee of the Senate on Mass Media;

That the Committee have power to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of the inquiry;

That the Committee have power to send for persons, papers and records, to examine witnesses, to report from time to time and to print such papers and evidence from day to day as may be ordered by the Committee;

That the Committee have power to sit during adjournments of the Senate and that Rule 76(4) be suspended in relation to this Special Committee from 9th to 18th December, 1969, both inclusive, and the Committee have power to sit during sittings of the Senate for that period;

That the papers and evidence received and taken on the subject in the preceding session be referred to the Committee; and

That the Committee be composed of the Honourable Senators Beau-bien, Davey, Everett, Giguère, Hays, Irvine, Langlois, Macdonald (*Cape Breton*), McElman, Petten, Prowse, Sparrow, Urquhart, White and Willis.

After debate, and—

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Thursday, November 6th, 1969.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Smith:

That the names of the Honourable Senators Giguère and Urquhart be removed from the list of Senators serving on the Special Committee of the Senate on Mass Media; and

That the names of the Honourable Senators Bourque, Smith and Welch be added to the list of Senators serving on the said Special Committee.



The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Friday, December 19th, 1969.

With leave of the Senate,  
The Honourable Senator McDonald moved, seconded by the Honourable Langlois:

That the names of the Honourable Senators Bélisle and Phillips (*Prince*) be substituted for those of the Honourable Senators Welch and White on the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Tuesday, February 3, 1970.

With leave of the Senate,  
The Honourable Senator McDonald moved, seconded by the Honourable Langlois:

That Rule 76 (4) be suspended in relation to the Special Committee of the Senate on Mass Media from 10th to 19th February, 1970, both inclusive, and that the Committee have power to sit during sittings of the Senate for that period.

After debate, and—  
The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Thursday, February 5, 1970.

With leave of the Senate,  
The Honourable Senator McDonald moved, seconded by the Honourable Senator Haig:

That the names of the Honourable Senators Quart and Welch be substituted for those of the Honourable Senators Bélisle and Willis on the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Tuesday, February 17, 1970.

With leave of the Senate,  
The Honourable Senator McDonald moved, seconded by the Honourable Senator Connolly (*Halifax North*):

That the name of the Honourable Senator Kinnear be added to the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Tuesday,  
March 3, 1970.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Denis, P.C.:

That the name of the Honourable Senator Langlois be removed from the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Tuesday,  
March 3, 1970.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Denis, P.C.:

That Rule 76 (4) be suspended in relation to the Special Committee of the Senate on Mass Media from 4th to 13th March, 1970, both inclusive, and that the Committee have power to sit during sittings of the Senate for that period.

The question being put on the motion, it was—  
Resolved in the affirmative.

ROBERT FORTIER,  
*Clerk of the Senate.*





## MINUTES OF PROCEEDINGS

FRIDAY, March 6, 1970.

(27)

Pursuant to adjournment and notice the Special Senate Committee on Mass Media met this day at 10.00 a.m.

*Present:* The Honourable Senators: Davey, (*Chairman*); Kinnear, MacDonald (*Cape Breton*), McElman, Quart, Smith and Sparrow. (7)

*In attendance:* Miss Marianne Barrie, Director and Administrator; Mr. Borden Spears, Executive Consultant.

The following witnesses, representing the *Consumers Association of Canada*, were heard:

Mrs. W. A. Brechin, Chairman, Consumer Studies;

Mrs. B. D. Balls, Executive Secretary.

At 11.30 a.m. the Committee adjourned to Tuesday, March 10, 1970, at 10.00 a.m.

ATTEST:

Denis Bouffard,  
*Clerk of the Committee.*



## THE SENATE

### SPECIAL SENATE COMMITTEE ON MASS MEDIA

#### EVIDENCE

Ottawa, Friday, March 6, 1970

The Special Senate Committee on Mass Media met this day at 10 a.m.

**Senator Keith Davey** (*Chairman*) in the Chair.

**The Chairman:** Honourable senators, this morning we are going to receive only the one brief rather than the two which were scheduled. I think you are familiar with the statement I read last evening in connection with the Canadian Jewish Congress. We had planned on receiving a brief from the Consumers' Association at 11.30 a.m. so perhaps the first thing I should do on your behalf and certainly on my own is to thank you for acceding to our request of meeting at 10 o'clock rather than 11.30 a.m.

Sitting on my left is Mrs. W. A. Brechin. Mrs. Brechin is Chairman of Consumer Studies. On my right is Mrs. B. D. Balls who is the Executive Secretary of the Consumers' Association of Canada.

Now, I am not sure who is going to be the first spokesman—are you Mrs. Brechin?

**Mrs. W. A. Brechin** (*Chairman of Consumer Studies, Consumers' Association of Canada*): Yes, I believe so.

**The Chairman:** We requested a brief from the Consumers' Association because we felt our views would be of interest to the Committee and in compliance with our request you were kind enough to send the brief which we have in front of us. I think it can be said that most of the Senators have had an opportunity of reading the brief and studying its contents. The procedure here is very simple. We would like you to make a brief introductory oral statement, perhaps taking as much

as 15 minutes. It certainly is not necessary for you to take that much time, but it is at your disposal and you can comment on your brief, amplify it, explain it, subtract from it or say other things. Following that we would like to ask you some questions on your oral statement, on your written brief, and perhaps on other matters as well. We will direct our questions both to you and Mrs. Balls. Thank you Mrs. Brechin and welcome.

**Mrs. Brechin:** Thank you Mr. Chairman and members of the Committee. The Consumers' Association is grateful for the opportunity this morning to present consumer views on a subject which affects us so very deeply. We will summarize in probably less than 15 minutes...

**The Chairman:** Fine.

**Mrs. Brechin:** But we would also like to cite some examples which may help to clarify some of the points which were raised in our submission.

The Association stresses the need for the widest possible coverage of news and opinion. This should both reflect and extend public opinion by providing an inter-presentation of ideas and an abundance of information. To this end, we feel it important that a regulatory mechanism should exist which would prevent monopoly control of the media and which would also prevent the acquisition of these vital public services by foreign interests. In addition, we would urge that such regulations also require that the ownership of these services be a matter of public knowledge.

We have noted that some programs have already been developed which are consumer oriented. Examples of this would be the



CBC's consumer show and "Help Wanted columns", such as are in the *Toronto Star* and *Toronto Telegram*.

Our concern with the undesirable aspect of advertising in the media is exemplified by detergent ads, especially the enzyme soaps, some automobile ads as well as by the use of national public hero figures such as Red Kelly which tend to develop an unwarranted confidence in a product or service.

Ours is however not a complete criticism of the advertising industry. Some advertisers have shown initiative and originality in developing ads such as Speedy Muffler King, Volkswagen, Gainsburger—ads such as these which both entertain and inform the consumer. Also some associations—for instance, the Canadian Wildlife Federation, Construction Safety and various health associations have developed excellent informative material often shown by the courtesy of the original advertiser. This is a service which could be extended to good advantage.

We were delighted to hear that rentals would not be charged on National Film Board material seen by over six million viewers in 1968. This material has and should continue to play a vital part in the development of a Canadian identity.

In noting the need for a greater amount of consumer information in the media we would note also our concern that it be correct information. In some popular open-line shows, this is not always the case. We feel a greater flow of factual information should assist in counteracting this tendency.

Since experience with publicly appointed agencies has been sometimes disappointing, we feel that our first recommendation, which would provide greater consumer access to the media, to be the most effective means of developing a greater public awareness and community involvement on the part of all Canadians. Thank you, Mr. Chairman.

**The Chairman:** Thank you very much, Mrs. Brechin.

Mrs. Balls, do you wish to add anything to that?

**Mrs. B. D. Balls, Executive Secretary, Consumers' Association of Canada:** No.

**The Chairman:** Well, then, I think we can proceed to the questioning and I believe Senator Sparrow has the first question.

**Senator Sparrow:** Thank you, Mr. Chairman. I don't think it appears in the brief but is your paid membership approximately 23,000?

**Mrs. Brechin:** Yes, between 23,000 and 24,000.

**Senator Sparrow:** Is it \$3 a membership?

**Mrs. Brechin:** Yes.

**Senator Sparrow:** Is that the total financing money for the year?

**Mrs. Brechin:** No. We are supported by a Government grant also.

**Senator Sparrow:** What Government grant and for how much?

**Mrs. Brechin:** I believe Mrs. Balls could give you that information.

**Mrs. Balls:** It is from the Department of Consumer and Corporate Affairs now and this year it was changed from \$30,000 to \$50,000.

**Senator Sparrow:** How long has that grant been coming from the Government?

**Mrs. Balls:** I believe it started in 1961 at \$10,000.

**Senator Sparrow:** From what department at that time?

**Mrs. Balls:** The Department of Finance.

**Senator Sparrow:** And last year at \$30,000 from the Consumer and Corporate Affairs Department?

**Mrs. Balls:** That is right—well, the year previous to this year. This year it is now \$50,000 from Consumer Affairs.

**Senator Sparrow:** Any other sources of financing?

**Mrs. Balls:** We get the occasional donation of \$100 or so, or sometimes just from our members \$10—you know, this type of thing.

**Senator Sparrow:** Any industry contributions as such?

**Mrs. Balls:** Some donations but always given with no strings, no advertising strings at all.

**Senator Sparrow:** There is some?

**Mrs. Balls:** There aren't this year. Actually there have been in some years.

**Senator Sparrow:** In what amounts?

**Mrs. Balls:** One hundred dollars.

**Senator Sparrow:** Do you get any other contributions from industry such as expenses to travel to conventions, or that type of thing?

**Mrs. Balls:** If we are invited to speak we say "All right, but we want expenses." If they are inviting us to go, we usually try to get someone in the city where the convention is being held so we don't have hotel expenses and registration is paid by the CAC. This is one reason that we are very careful about what conventions we go to. For instance, if we don't feel they are going to be useful to the consumer, we just don't go. This is, of course, because of our limited financing.

**Senator Sparrow:** So your total operating budget then is roughly \$125,000?

**Mrs. Balls:** No, it is not that high. It would be perhaps this year \$110,000. Last year it was \$88,000.

**Senator Sparrow:** Your brief is rather highly critical of the press in many of your paragraphs. Are there any particular industries in Canada that are not being fair to the consumer and this situation is not being properly reported in the press? Take for example where you have been able to document certain criticisms against an industry and you are not getting proper coverage. Could you be specific?

**Mrs. Balls:** I don't think I could say that but for instance *Canadian Consumer* is the only publication in Canada that does list the Food and Drug prosecutions. Now, one press person told me the reason that they probably didn't in the newspaper was that they felt unless it was someone prosecuted in their own town or city, that the public wouldn't be interested and I think that this is a false presumption on their part.

**Senator Sparrow:** In your brief...

**Mrs. Balls:** Excuse me, could I answer that—you were saying where coverage was not being given.

Now, we mentioned that editorial sections should include more consumer information. I think perhaps this is where greater coverage of perhaps some actions that are going on more or less against the consumer could be used. One example is the editorial in last

night's *Citizen*. They had a column in November stating that the city had failed to respond to pleas for a check on phony massage services. Now they report that the City Council is passing a licensing by-law which will permit only certified masseurs to operate in Ottawa and that the city has put a private bill before Queen's Park. This is consumer information and very useful but it is not being done very often.

I think in localized situations such as this we should have more of that type of thing.

**Senator Sparrow:** What is the circulation of your magazine?

**Mrs. Balls:** It would be about 25,000 or so.

**Senator Sparrow:** It goes to each of your 23,000 members?

**Mrs. Balls:** Right, and we have some bulk subscriptions of 50 where it goes to one address and then is distributed.

**Senator Sparrow:** By a local consumer group?

**Mrs. Balls:** Consumer group or some industries take 50 and distribute them through their head office or through their regional offices. We also have the press list and they all get complimentary copies.

**Senator Sparrow:** Would you have any idea of the readership of the Consumer Magazine in Canada?

**Mrs. Balls:** Well, we feel it is about 100,000 because when a family gets it, it is read by all the family. Also there are a number of libraries that carry it. Many carry it in all their branches, and so on.

**Senator Sparrow:** No advertising appears in the Consumer Magazine so there is no other subsidy towards that as such. Do you know what the publication cost would be for that year? I understand it is about six issues a year?

**Mrs. Balls:** Well, if you take the direct cost of publishing only and not the cost of the time and research and the staff, it is 10 cents a copy for publishing. This is the printing cost and the paper cost.

**Senator Sparrow:** Well, out of that \$110,000 how much goes to the magazine in total?

**Mrs. Balls:** Oh, it changes every year. Some years we decide on a larger testing program and we are trying to improve this. I think this

year \$5,000 was allotted to testing. I am sorry, I don't have the exact figures. You see, our editor is also the director of public relations so that you can't give a direct cost.

Mrs. Brechin, would you like to comment?

**The Chairman:** Mrs. Brechin?

**Mrs. Brechin:** I think, as you have pointed out, it is very difficult because with a small staff, of necessity, we must overlap and we don't keep records of the hours that are spent directly on the magazine and what goes into public relations. I think in addition to the circulation of the magazine, part of the editor's time is spent in contacting other newspapers and in developing a "news and views column" which has a very wide circulation through monthly and weekly newspapers across Canada. It doesn't contain all the information for the consumer but it is consumer information which is going out to a readership which we can't reach with the magazine itself.

As far as the cost is concerned, I think it is almost impossible to break them down.

**Senator Sparrow:** In paragraph 4—and you also mentioned this in your verbal remarks in reference to ownership you say:

"Although owners deny the existence of censorship or manipulation of editorial functions, we view potential dangers as so great that we recommend legislative controls to curtail monopoly and multiple ownership of the mass media."

What type of controls are you suggesting? Again, we have asked this question of other groups. How big is too big? What is a monopoly? Do you consider it a threat?

**Mrs. Brechin:** Well, I think a monopoly is almost complete control of all facets of the information-giving process under the control of one president or board of directors. Our members in New Brunswick in particular have been very critical of the amount of information that they get. They feel that they do not get diverse views—that it is very much one line of information.

**Senator Sparrow:** You say "we view potential dangers" but you are saying that that danger is already here?

**Mrs. Brechin:** It has been suggested to us that it is.

**Senator Sparrow:** You are not suggesting anything in particular?

**Mrs. Brechin:** Well, I don't live in New Brunswick.

**Senator Sparrow:** But, you have done no particular studies as far as that is concerned?

**Mrs. Brechin:** No. Our brief, of course, is based on consumer opinion and consumer comment. It is not a study of News Story management. It is very difficult to ascertain the management at the moment. This is one reason we feel that it would be in the public interest to know where the control lies with any information body.

**Senator McElman:** But your New Brunswick branch has expressed their views to you?

**Mrs. Brechin:** Yes, our members from New Brunswick have.

**The Chairman:** May I just ask Mrs. Brechin a supplementary question. I was going to ask that question about New Brunswick and I was also going to ask in 4 (a), the section which Senator Sparrow was referring to, you mention one newspaper city in the first line and in the second where two or more different outlets under the same ownership. As well as New Brunswick, what other specific newspapers did you have in mind?

**Mrs. Balls:** There was one report from a small town in Alberta, and I don't know what town it was, but it said we don't bother with the local newspapers because we don't consider it worth paying for.

**The Chairman:** But in terms of a monopoly situation New Brunswick was the only one...

**Mrs. Balls:** That came in, yes, that is correct.

**Senator Quart:** Before we drift away...

**The Chairman:** Senator Quart?

**Senator Quart:** When you mentioned the cost of getting out your Consumer magazine, you should take into consideration the tremendous amount of research done by volunteers. I am sure you benefit from it but it is terrific the number of women who will work unpaid for this service and be very devoted to it. Of course, naturally, as the women are the nation's spenders whether the gentlemen like it or not, it is to their benefit, as well as to ours, to co-operate with the Consumer Branch.



**Mrs. Balls:** I would like to add to that. One-fifth of our members are men and this is about the working population of our men as well. We have lawyers, economists, professional people who are willing to help us write briefs and do research for us all on their own time and very often with expenditures of their own money.

**Senator Quart:** Yes.

**Mrs. Balls:** Our total staff is eight, two of whom are senior, one research assistant and the others are clerical and secretarial.

**The Chairman:** Do you have any media people who belong?

**Mrs. Balls:** Yes. I couldn't give you an example...

**The Chairman:** But you have some?

**Mrs. Balls:** Yes.

**The Chairman:** Do you have any advertising people?

**Mrs. Balls:** Yes. I believe they take a bulk subscription as a matter of fact, one of the associations.

**Senator Kinnear:** I was just trying to follow—are there eight paid on your staff?

**Mrs. Balls:** Yes. All the others are volunteers. We do have provincial and local associations which are run completely by volunteers. They have no staff.

**Senator Kinnear:** Well, yes. At one time I did belong and I was a volunteer.

**The Chairman:** Senator Sparrow?

**Senator Sparrow:** In paragraph 6 you say:

"We are concerned that the independence of the editorial sections of mass media be clarified vis-à-vis the advertising sections, as we note the lack of consumer information in the editorial sections of media across the country. Exponents of the consumer viewpoint should have a prominent place and should be protected by management from unfair reprisal from advertisers, government or its agencies or other interests which may be unduly sensitive to honest and forthright comment. At the same time, opportunity for rebuttal should be provided for those who feel that comment has been inaccurate or unjust."

I wonder if you could explain what you mean "unfair reprisal from advertisers"—as

to who you were referring to and who it affects?

**Mrs. Balls:** Well, if an advertiser should say "either you fire a staff member or we won't advertise." This type of thing. Or, that they might say "You cut down on your complaints about this type of thing." Now, I have had one opinion from a press person who said "Well, even if advertisers do quit they come back when they need us in about a week because they have to have the mass coverage of their services."

**Senator Sparrow:** You say:

"Exponents of the consumer viewpoint should have a prominent place and should be protected by management from unfair reprisal from advertisers..."

Who are you talking about? The staff or the consumer?

**Mrs. Balls:** Yes, the staff.

**The Chairman:** These are media staff?

**Mrs. Balls:** Yes. But there should be more media staff for one thing. There is consumer orientation and there are other areas, of course, which don't concern us such as agriculture in which not all sides of views are being given. However, we do feel there should be more exponents of the consumer viewpoint, we feel, certainly, this happens and there may be many more cases of some form of reprisal being taken.

Now, I don't think there have been that many to date because there aren't very many consumer...

**The Chairman:** Have there been any? You know, this is a very serious charge. I appreciate that you are not trying to create a strawman and I am not accusing you of that, or of anything, but it is a very serious charge. Can you give us a specific instance?

**Mrs. Balls:** Well, all right. Not of an advertiser, but of another interest. We did a news release on credit reporting agencies. One paper was persuaded not to run it because the Credit Bureau in that town said it didn't apply to them.

**The Chairman:** And did it?

**Mrs. Balls:** Yes.

**The Chairman:** Which was the newspaper?

**Mrs. Balls:** The *Hamilton Spectator*.

**Senator Sparrow:** Did you follow that through?

**Mrs. Balls:** We are following it through at the moment. I am not sure that we have this in writing yet.

**Senator Sparrow:** So you really at this point have done nothing about it?

**Mrs. Balls:** No, it happened reasonably recently.

**Senator Sparrow:** In the same paragraph you say:

"At the same time, opportunity for rebuttal should be provided for those who feel that comment has been inaccurate or unjust."

What type of opportunity for rebuttal? Are you talking of letters to the editor?

**Mrs. Balls:** That is to the editors—yes, a rebuttal is allowed there but we don't feel that this is necessarily good enough. Not everybody reads letters to the editors, and sometimes a very important point can be lost.

Take first page coverage. Now, a good example is the shooting here in Ottawa of a teen-age boy. Now, this boy robbed a bank and it was written up in the newspapers as being just a terrible thing. It wasn't front page, but it was on the first page of the women's section—a half a page on how his mother said what a good boy he was and how wonderful he was. His teachers just did not feel the same, nor the people who knew him; they said he was a trouble-maker. This was—I believe it was reported in a small corner on a back page. This is completely irresponsible reporting. It makes a lovely sob story but it makes the police look like fools. There is a great deal of this being done to people in authority—well, I feel personally that authority is being undermined by this type of reporting.

**Senator Sparrow:** All right, that particular case—do you consider that a problem of your association? Do you look into areas such as that?

**Mrs. Balls:** In what way do you mean?

**Senator Sparrow:** Is that a consumer problem as such?

**Mrs. Balls:** No, that is not a consumer problem.

**The Chairman:** Well, I would like to ask a supplementary question at this point. This is a general question but I think this is the point at which—if you don't mind, senator.

**Senator Sparrow:** Right.

**The Chairman:** ...the point at which I would like to ask it. Do you regard newspaper readers and television viewers and radio listeners—I shouldn't say regard—I will put the question differently. Do you agree with me that they are consumers, consumers of media?

**Mrs. Brechin:** Yes.

**The Chairman:** I have the distinct impression reading the brief that the Association hasn't really been concerned about those people as consumers until the Senate Committee asked you to appear here. I think that you have been preoccupied—I won't say understandably, but I will say preoccupied with goods, textiles, drugs, household chemicals, and so on. This, I am sure, is valuable work and I am not questioning that even for a moment. My wife belongs to your Association so I am familiar with your publication and I can't recall seeing in it a critical appraisal of newspapers, or radio, or television stations. Is that a valid observation?

**Mrs. Balls:** Yes. I don't think it has been critical publicly to date, partly because we just don't have the research staff or even the volunteers to go over every area. We have tried to make contact with stations and newspapers to get them to do this type of thing.

**The Chairman:** Mrs. Balls, surely your appraisal of the newspapers—your appraisals of all the media outlets in, let's say Toronto because that is where I live, is surely as of much consequence to me as a consumer as is your advice as to the kind of hardyier my wife should buy. It seems to me that you haven't moved into that area, and I wonder why?

**Mrs. Brechin:** I wonder if I might comment on that. CAC in the last three years has been moving increasingly into the area of services. We are necessarily limited by lack of funds and lack of personnel. I think you are quite correct in saying that we should think of people who watch and read as consumers of a service. We have perhaps concentrated on parts of that service in that our criticism and our presentation has been to advertisers, to

correct something that we feel is not right. It has been fragmented rather than taking the broad picture.

**The Chairman:** You have been product oriented?

**Mrs. Brechin:** Product and service, but we have not considered the large service of the media. Perhaps the very existence—the formation of this Committee has made more people realize that they are not fragments but merely parts of a whole and perhaps none of us considered this as a total picture before. As far as service is concerned, we have thought of the media as a method of presenting information about services rather than as an entity in itself.

**Mrs. Balls:** I might add to that that we have written to Dr. Davidson, the President of the CBC, about a year and a half ago, to ask for increased consumer information in the CBC.

**The Chairman:** Well, Mrs. Balls, I take that point but the point I am making is really quite a different one. I am saying that the consumers of toothpaste, and hairdryers, and cookies, and evaporated milk are also the consumer of newspapers and radio, et cetera.

**Mrs. Balls:** Yes.

**The Chairman:** Senator Sparrow?

**Senator Sparrow:** You did say that you consider readers of newspapers as consumers of newspapers?

**Mrs. Balls:** Yes. May I just add one thing?

**The Chairman:** Yes.

**Mrs. Balls:** One thing that is a consumer problem on the topic that we were talking about before is the grape boycott and there has been a great deal of misinformation printed and stated about that.

**The Chairman:** Well, let's let Senator McElman come to his question and then perhaps we can talk about the grape boycott. Senator McElman?

**Senator McElman:** Mrs. Brechin, doesn't the fact the representations you have received from New Brunswick prove that at least one branch of your organization does consider news as a consumer product and it has already shown its concern in this regard?

**Mrs. Brechin:** Well, you could look at it that way. It may be that they are not considering themselves as consumers but rather criticizing the amount of material that is available to them to consume.

**Senator McElman:** Well, isn't that one and the same thing?

**The Chairman:** May I just clarify for Senator McElman's benefit as a reader of your magazine—the February issue or the January issue—I forget which—contained a specific notice that the group was coming before this Committee and asked members to respond.

**Senator McElman:** Well, Mr. Chairman, I understand that.

**The Chairman:** So it really wasn't a volunteered kind of concern.

**Senator McElman:** Well, has it been stated, Mr. Chairman, that this representation from New Brunswick came only after that or did it precede that?

**Mrs. Brechin:** Well, it came as a result of that.

**Senator McElman:** There has been no other representations prior to that?

**Mrs. Brechin:** We have had criticism from New Brunswick from individual members. Again, I think that Senator Davey's criticism is just, that we have not spent sufficient time but I must plead the lack of personnel and the lack of expertise.

**The Chairman:** Well, Mrs. Brechin, please—I hope it wasn't a criticism because I prefer to think of it as an observation. I think the media would benefit and I think all of us would benefit if you became active in this area, so it really is not a criticism.

**Senator Sparrow:** Let us return to your reference to "an opportunity for rebuttal". Does your Association prepare news releases as such that aren't printed in the press or which do not get coverage. Are there or have there been writers that have prepared great consumer articles that are not being printed as such? For instance, if a good writer prepared an article on consumer problems, would that not appear in the press somewhere.

**Mrs. Balls:** Well, on our news releases I think it depends a great deal on how newsworthy the releases are and the CAC expects that some of our news releases will be printed



in almost every paper in the country and others will be picked up by one or two and won't be printed by others. I don't think you can really generalize in saying that one particular one would not be picked up at all. In some cases we do feel, though,—for instance, in sending out our advance copy of *Canadian Consumer* if we have a particularly good article sometimes this is not picked up. I know the press work under deadline difficulties, and sometimes they just don't see something as newsworthy that perhaps we do see as very newsworthy. I think they just aren't consumer oriented.

**Senator Sparrow:** In paragraph 7 you say:

"While stressing the overall deficiency of the mass media in providing consumer information and opinion, we do commend the management of those outlets who do have lively and accurate social action features which inform, direct, represent and champion consumers."

Now, the general message in your brief is that you are not getting the type of co-operation as referred to in number 7. What are some examples of media that are in fact giving you this type of...

**The Chairman:** Well, I think Mrs. Brechin mentioned some examples in her opening statement. You might repeat them.

**Mrs. Brechin:** Radio Noon, which gives consumer information, pricing and quality comparisons, and in the newspapers, for instance, help wanted ads, Action Line...

**The Chairman:** You don't mean the help wanted ads, you mean the "Help Wanted" columns?

**Mrs. Brechin:** Yes, the "Help Wanted" columns. Excuse me. Action Line—this type of thing. And the Consumers' Show which is a television program dealing entirely with consumer matters...

**The Chairman:** Is it on the CBC?

**Mrs. Brechin:** It is on the CBC in the afternoon unfortunately. Perry's Probe is another which deals a great deal with this type of thing and I think we could class the series Air of Death and the subsequent water pollution and soil pollution series as being consumer oriented shows produced by the CBC.

**Senator Sparrow:** Do you feel that there is more opportunity now? I mean, is the opportunity increasing for more consumer coverage?

**Mrs. Brechin:** Yes, I do. I think this is part of the whole picture of growing consumer awareness; that perhaps the general public didn't think of consumer interest as separate from anything else; that it wasn't focused as much as it has been in the last year or year and a half. I think the Social Action program that the CBC has been doing in the last month or drug use dramatizing the problem is also a consumer oriented program.

**The Chairman:** Well, while Senator Sparrow is looking at his brief and just before we leave that page, it seems to me that paragraph 5 on the top of page 2 is now at hand and that, surely, is an academic concern—that the control of the mass media outlet must be held by Canadian citizens. Isn't that a battle which has sort of been won?

**Mrs. Brechin:** Well, perhaps we are really lending our support to this.

**The Chairman:** Well I think that battle has been won. It is not something that needs to be done—it has been done.

**Senator Smith:** I would like to come back just for a moment to the subject of advertising. I would like to have some further comment on this. It seems to be a very important part of your submission. What do you think, for example, with regard to the kinds of advertising that is directed to children on television? It seems to me that it makes the families of children, the biggest pressure group in the country. Is that fair advertising, good advertising?

**The Chairman:** I should say—I think I will rule that question in order and I will let you answer it. I think Senator Smith knows and the rest of us are aware that the committee isn't really studying advertising. I am as interested in your answer as he is and I would like you to answer it, but we should all be mindful here that advertising, as such, is not within our terms of reference. However, we come close so please answer it.

**Senator Smith:** Well, there is quite a bit about advertising in the brief...

**The Chairman:** Yes, I agree.

**Mrs. Brechin:** Yes, there is because this has been one facet on which CAC has very definite opinions because we have received many opinions from our members and certainly advertising directed to children, we feel is a very poor way of advertising. We have made

representations to the advertising bodies through their associations and to individual advertisers for many years on this type of advertising.

**Senator Smith:** It seems to me that a lot of the advertising is subject to very definite criticism on the subject of health for children. I have some objection myself as a former member of the dental profession to see these heavily sugared cereals made so attractive on television that the children would eat them all day long if you give them to them and I think it is a bad thing. I think it should be pointed out as a bad thing and I think the Canadian Consumers' Association, you know, should . . .

**Mrs. Brechin:** Well, I agree, senator, . . .

**Senator Smith:** . . . put pressure on perhaps even more than you are.

**Mrs. Brechin:** Perhaps even more, Senator Smith, but this is something which we have done in the past and will continue to do. I think that perhaps from the family budget standpoint, they are a very bad thing as well; and perhaps because many of the children don't eat them that is better for their teeth, but they often want their parents to buy the heavily sugared cereals just because of the car or the toy horn, or something that is inside. They put pressure on the mother.

**Senator Smith:** Well, I just have one other question on this general subject and then I will leave it.

Are you satisfied with the attempts that are being made by the Consumer Affairs Department to do something about false and misleading advertising? I notice there have been quite a number of prosecutions in this field or his particular area?

**Mrs. Brechin:** It is a start.

**Senator Smith:** I don't see publicity or newspaper stories on people being prosecuted in Halifax.

**Mrs. Brechin:** Well, this is one concern of ours. We feel that publicity about prosecutions will do more to correct the abuses than almost anything else because this is pressure that a large company understands and that it puts pressure on their pocketbook.

**Senator Smith:** Well, if somebody gets prosecuted in Ottawa, Mrs. Brechin, I don't see it reported in the Halifax newspaper.

**Mrs. Balls:** This is one of our concerns the same as the Food and Drug prosecutions.

**The Chairman:** May I ask a supplementary question on advertising? Senator Smith opened up the discussion and I think I could ask a question which is certainly within the terms of reference. I don't mean to be rude to Senator Smith because I think his was certainly a very valid question but at 13 (g) you urge less advertising on the CBC. Would you like to see CBC completely free of advertising?

**Mrs. Brechin:** Well, that would be Utopia wouldn't it?

**The Chairman:** Well, would it in your opinion? You are a taxpayer as well as being a consumer.

**Mrs. Brechin:** Well, judging from the comments which have come, advertising is an irritant. It is an irritant to many consumers.

**The Chairman:** Well, I am asking this, Mrs. Brechin, about the CBC. Would you like to see the CBC completely free of advertising?

**Mrs. Brechin:** I don't think we have enough comments. I can give you a personal view. . .

**The Chairman:** Well, please do.

**Mrs. Brechin:** Yes, I would. I would be willing to pay for it.

**Senator Sparrow:** Is the irritant of the advertising greater than the irritant of \$30 million worth of advertising to the taxpayer?

**Mrs. Balls:** Well, we pay for it anyway by buying the products that are advertised.

**The Chairman:** Well, on that question specifically, and I am going to transgress my own role—in view of the comments you make throughout this brief on advertising, are you against advertising?

**Mrs. Balls:** No, I can't say we are against advertising as such. I think it does inform people. . .

**The Chairman:** There is a role for advertising in our system, or economy, or whatever you will. . .

**Mrs. Balls:** Yes.

**The Chairman:** But you would both like to see the CBC completely devoid of advertising. I am not trying to put words in your mouth. . .

**Mrs. Brechin:** Devoid of the type of advertising that we have now.

**The Chairman:** But not all advertising?

**Mrs. Brechin:** I think ideally advertising could be devised which is informative and which could be useful.

**The Chairman:** Like Volkswagen and Speedy Muffler King which were the two you mentioned?

**Mrs. Brechin:** Yes, properly spaced. Certainly at the beginning and at the end of a program we don't get the complaints—it is the ones that come spaced through the middle that seem to irritate consumers, and we have a tendency and I think it is quite a human tendency to turn them off. Under those circumstances, I rather question their value.

**The Chairman:** It could be that Speedy Muffler King and Volkswagen may not have \$30 million to spend on the CBC. I think the question is the one which Senator Sparrow put—are they taxpayers. If there is no advertising on the CBC, the money must come from somewhere—Well, perhaps we have discussed it enough. I was interested in your views on it. Thank you.

**Senator McElman:** Do you not emphasize that there should be another form of advertising, perhaps not directly but indirectly—public service advertising?

**Mrs. Brechin:** Yes.

**Senator McElman:** By corporations?

**Mrs. Brechin:** There is already a start on this as I am sure you are very well aware that some corporations do give prime time to advertisements prepared by non-profit organizations which are informative and valuable to the consumer.

**Mrs. Balls:** I may add to that that also some industry associations do this now. There has been an ad on the radio by the coffee associations telling how to make coffee. This is a consumer service, really. You know, you start with the very cold water and you perk it for only so long so that it is not bitter, and so on. This was done by an association, so no particular company receives the benefit but presumably the use of coffee goes up overall.

**Senator McElman:** Have you considered as an organization approaching commercial corporations to undertake more public service advertising in all of the media?

**Mrs. Brechin:** I am not aware that we have.

**Senator McElman:** Would that be constructive?

**Mrs. Balls:** Well, you see I think some of it is outside of our terms of reference.

**Senator McElman:** Ours as well, but carry on.

**Mrs. Balls:** Right. I think as Senator Davey has said, we have not gone into this area primarily because of our very limited resources but should we really be asking for public service announcements and things that aren't of direct concern to the consumer.

**Senator McElman:** Not announcements, advertising.

**Mrs. Balls:** Advertising, yes, that are not of direct concern to the consumer.

**Senator McElman:** Let me put it a little more directly. Let us say that there is a public issue that is hot in the public mind and that you, as an organization, have what you believe to be a highly constructive approach to it. Have you ever thought of going to corporations and asking them to sponsor your suggestion, or devise advertisements in this respect?

**Mrs. Balls:** No, but that is a very good suggestion.

**Senator McElman:** Well, you are looking for finances?

**Mrs. Balls:** Yes.

**The Chairman:** Senator Quart?

**Senator Quart:** Well, Senator McElman stole my music there, but then I will go on to ask have you any objections to advertising in your magazine?

**Mrs. Balls:** Yes.

**Senator Quart:** Have you ever attempted it?

**Mrs. Balls:** We do have objections to it. We feel that if we were to advertise in the magazine it would mean that we were supporting certain companies and we just cannot allow this.

**Senator Quart:** I am sure you would get a wonderful response.

**Mrs. Balls:** Oh, we could get the millions of dollars, I am sure.



**Senator Quart:** And then you could release the Government of their \$50,000 grant.

**Mrs. Balls:** Yes.

**Mrs. Brechin:** I wonder if I might point out what we feel to be a definite danger in this. Advertising in the *Canadian Consumer* would indicate to the general public that CAC had tested and endorsed the products advertised—as many of the seals of approvals in different magazines indicate, sometimes incorrectly . .

**Senator Quart:** Yes, I realize that.

**Mrs. Brechin:** This is really our primary reason for not doing this.

**Senator Quart:** As a matter of fact, if anyone refused any advertising of you, it would almost be blackmail!

**Senator Sparrow:** Is that true of Government advertising? Would you refuse Government advertising from the Department of Manpower or Consumer Affairs—that type of thing as well?

**Mrs. Balls:** Yes, because we are also a critic of Government. While we do work with them to a certain extent, we feel we have to be free to criticize when we feel criticism is necessary.

**The Chairman:** Well, I would like to ask you about 13 (g). You refer to the CBC as being one of the main pillars of our national life. Would you amplify on that, please, Mrs. Balls? Why do you regard the CBC as “one of the main pillars of our national life”?

**Mrs. Balls:** Because it is a public agency which can present information which is completely unbiased. It can do a great deal towards developing a Canadian identity because it does not have the problems of having to present only in one area the things of interest to that area—that it can be national. Now, one example that was given to us was that the people in the west like the Don Messer show because it acquainted them with the Maritimes. Not everybody can travel right across Canada and know what the regional identity is, perhaps, and that it has a function in bringing Canadians together.

**The Chairman:** Well, they cancelled the Don Messer show and it is now on private television.

**Mrs. Balls:** Yes. I think the CBC could do more in this area.

**Mrs. Brechin:** Would you like to expand on that?

**The Chairman:** Mrs. Brechin would you like to comment?

**Mrs. Brechin:** Yes. The other thing that I would like to say is that the CBC can be regional. The CBC stations can foster regional identity because they are not as dependent on advertising, they can be more unbiased but they can also provide this broader picture of developing a sense of unity in Canada by their national nature.

**The Chairman:** Senator Macdonald, do you have a question?

**Senator Macdonald:** Well, before we move on I would like you to take a look at page 3, item 9 (e). Would you expand on that and perhaps give some examples? You say:

“We question whether it is in the best interests of our society to have consumers, especially women, portrayed constantly as mindless, vapid, garrulous proponents of this or that brand of detergent, deodorant, coffee or cigarettes. The bad taste, dishonesty and contempt for human dignity...”

Have you any comment on that? Perhaps it is true, I don't know.

**Senator Smith:** You can see now why he is a bachelor!

**The Chairman:** Well, I think before we put this supplementary question—I think he does want you to comment on that. Is that a fair question?

**Mrs. Balls:** Yes. Do you want some examples?

**The Chairman:** Yes, I believe so.

**Mrs. Balls:** Well, I think that for instance—

**Mrs. Brechin:** Well, in detergent commercials the housewife is portrayed as completely mindless. What housewife would ever believe that a white knight is going to spring out of a box of detergent and help her with her washing?

**Senator Sparrow:** It would be nice, though!

**Mrs. Brechin:** Yes, too many of us don't have maids that live in and it might be lovely. Another one which many of our mem-

bers have found distasteful is the one which shows a cleanser which turns blue and the husband comes in from the bathroom wrapped up in a towel and says "Honey, it turns blue"—

**Mrs. Balls:** You see, it is not only the women, it is the men too.

Another example is the razor blade which is up on a pedestal and these men going through the forest idolizing this thing once they find it. I have had complaints from men on that one.

**The Chairman:** Does that make your point, senator?

**Senator Macdonald:** Yes. I was wondering about an example for "bad taste, dishonesty and contempt for human dignity". Did you give us some comment on that?

**Mrs. Brechin:** Well, I think this one on the cleanser illustrates that because at the very end, the wife says in a very contemptuous fashion "Get dressed, dear." It doesn't sit well with consumers. It doesn't create a good picture of home life or of a good relationship between the sexes.

**Senator Macdonald:** These advertising people—from their point of view—are out to sell something, so I conclude that they must think this type of advertising sells these products?

**Mrs. Balls:** Right, but they only talk to other advertisers. They don't talk to consumers.

**The Chairman:** Yes, but marketing is a pretty sophisticated science and I think Senator Macdonald's point is that they have the sales result.

**Mrs. Balls:** Yes, I think they do or obviously this type of advertising would have been gone a long time ago. I think this is perhaps partly that the CAC must educate consumers more in this area. First you have blue crystals and then you have blue-green crystals and it is the sort of thing which indicates that your product is new and better and probably also higher priced by this time. Consumers must learn that this doesn't necessarily make the product better.

**Senator Macdonald:** Would you care to comment on this. It seems to me to be a fact that in this age and day, we are spending more and more on education and more and more people are becoming more highly edu-

cated and yet the type of advertising seems to be appealing to what I might call the lowest common denominator—the uneducated. Do you think that is a fact?

**Mrs. Balls:** Yes, but I think they are the most easily reached as well. I think that many well educated people, shall we say, tend to pass this type of thing off.

**Senator McElman:** Do you not think that a mother in a household with earnings of \$2,500 a year and a grade 6 education is equally revolted by the type of advertising you speak of as the doctor's wife with a PhD. and their \$50,000 income?

**Mrs. Balls:** I don't know. I would say that some of these detergent ads show people in a laundry talking about how white their clothes are—you know, a lot of people do sit in laundries and do this. I really couldn't answer your question.

**Mrs. Brechin:** I think it is perhaps easier to influence the person who has a lower educational level. They may be revolted by the same things but they do not in many cases have the inclination necessary to make comparisons. So they may be influenced by what they consider as information in an ad much more easily.

Again, detergents—I don't mean to dwell on this, but the enzyme detergents which have been promoted extensively and which sell at a higher price—the enzyme does nothing to aid a wash in an automatic washer. There is simply no time. It is a pre-soak additive. Yet, in the detergent, it is not used as a pre-soak. But the consumer, who isn't well educated, will not have the information available to them to counter this type of advertising.

**Senator Kinnear:** Well, it says presoak on them so you don't have to be too well educated to read that.

**Mrs. Brechin:** Well, it says that on the enzyme alone; it does not say that on the detergent with added enzyme. I am sorry if I didn't make myself clear.

**Mrs. Balls:** There is one now as well that says "Just put it in with your regular wash." This is one of the products, which has the enzyme in the detergent.

**Senator Kinnear:** But aside from the pollution value, if you want to think of some of the ads, and I must be terribly uneducated

because I think some of them are funny. I think my sense of humour must be perverted because I really enjoy some of them.

**Mrs. Balls:** Oh, I do as well. However, I don't think everybody sees that side of it.

**The Chairman:** Well, perhaps we could turn away from our discussion on advertising.

I would just like to ask a question which flows out of 9(e) as well. You are talking about young people and you say that:

"—young people have found their own answer—'opt-out'—don't buy anything but basic necessities, and—a society which is based on lies and hypocrisy."

Why, Mrs. Balls, in preparing the brief did you use a blank in that quotation?

**Mrs. Balls:** We were very polite.

**The Chairman:** Well, when you say you were polite, are the young people not polite?

**Mrs. Balls:** Oh, I don't think that is true. Perhaps we should have put in "damn a society" or whatever the word might be.

**The Chairman:** Is "damn" the word that the young people use?

**Mrs. Balls:** I am not sure what the current expression is actually.

**The Chairman:** The point is as we move into an increasingly permissive society, I asked the question neither to embarrass you nor to confound you, but I am genuinely interested in why you would feel compelled when using the phrase in this kind of a document, to use a blank—because young people certainly don't.

**Mrs. Balls:** Well, I really can't answer your question. The brief was drafted not by myself and it was used—well, maybe Mrs. Brechin could comment on this.

**Mrs. Brechin:** The criticism has been levelled at our Association that we are middle-aged and middle income.

**The Chairman:** You are "middle class, middle-aged and uninformed" according to Mr. Thomas Skinner, the Toronto marketing and management consultant who I believe was the person who said that and you deny it of course.

**Mrs. Brechin:** No, I don't deny we are middle-aged because I can produce figures that prove it, although I must say that in the last

three years more of our members are younger. I think the reason that it was not put in, was that it would have been objectionable to some of our members.

**The Chairman:** Surely it is not there to help create a new swinging image of the Consumers' Association. That is not what you are suggesting, is it?

**Mrs. Brechin:** No.

**Senator Smith:** On page 6 I was interested in one of the principles that you state in paragraph 20. You refer to the things that you should have the right to and one of the rights is the right of professionals to appear before the Canadian Radio-Television Commission. If I recall correctly, the chairman of the Commission yesterday said before our Committee that they were quite disappointed that the public had not heretofore participated more in the deliberations and hearings which they have held on applications for licences and licence transfers, and so on. He welcomed people to attend and he welcomed them to send briefs and if they had something to say, he said they would find a way to listen to them. Is this only directed to the lack of financing that can give you the kind of professional assistance to do what the chairman even wants?

**Mrs. Brechin:** Yes, primarily. There are opportunities available but the average citizen does not know how to take advantage of them. He is afraid of looking foolish in front of a Government body. He doesn't have the funds necessary to develop his points and he lacks the expertise to present them properly, and I think that most citizens would be deterred. There are a few individuals who are not. I wish we had more of them. We feel that if the funds were available to help these people obtain assistance in making a presentation, they would articulate their wants better.

**Senator Smith:** I think there is something coming up rather soon in one of the hearings and it is very important in a lot of people's minds. I am speaking of the proposals that have been made by the CRTC with regard to a vast improvement in the Canadian content of radio and television, and it seems to me that that should be right down the alley of the Canadian Consumers' Association.

**Mrs. Brechin:** We were delighted to hear of the additional Canadian content because we



feel that this will be, or will give a great boost to the smaller local station in making time available to consumers to talk about problems in their area and to get information out which is relevant to people in the area in which they serve. I think this will be an impetus to the type of information we feel should go out to the consumer.

**Senator Smith:** Apart from that doesn't your Association in principle approve of the idea of moving toward a higher Canadian content in the mass media?

**Mrs. Brechin:** Yes.

**Senator Quart:** Yes, you mention it in your brief.

**Senator Smith:** Yes, there is some mention of it in there. Are you not then prepared at least to send a brief in time—you know, not to be read at the hearing but to be part of their records? I think it is in the public interest to have people like you represent the public—the housewives and the consumers, and so on.

**Senator Sparrow:** Was this brief written before those proposed regulations came out?

**Mrs. Brechin:** Yes it was.

**Senator Sparrow:** So at the moment—the brief says we request more Canadian content . . .

**Mrs. Brechin:** It should be changed to say that we are delighted that there is going to be more Canadian content.

**Senator Sparrow:** At the moment at least you feel that that new proposed regulation would be satisfactory?

**Mrs. Brechin:** Yes.

**Senator McElman:** It is a fact, I believe, that all renewals of broadcast licences require public hearings and notice of this appears in the media. Has your Association at any point where it has felt that a station perhaps was not performing at the level that it should—has your Association ever made representations at those hearings with respect to renewal or non-renewal of such licences?

**Mrs. Brechin:** No.

**Mrs. Balls:** We did in Vancouver—there was one hearing to which some of our consumer representatives went, and I might say

they came away completely befuddled because there were a bunch of business like people and the air was absolutely blue with smoke and they didn't understand too much of what was going on, and I think this is what the consumer is up against at some of these hearings. This is only an example of the direct interest we have expressed so far. We do watch the hearings. But submission of briefs is one of the things that we haven't done.

**Senator Macdonald:** Are you in favour of more Canadian content simply because it gives more opportunity for local stations to put on programs of consumer interest?

**Mrs. Brechin:** Oh no. I think this is only one area in which it will improve programming. There are many other things that theoretically will be given a better chance by more Canadian content.

**Senator Macdonald:** I may say first of all that I have never been too impressed with this idea of more Canadian content. I always figured that if Canadian content was any good it should be able to compete with any other content.

**Mrs. Balls:** Oh, we would agree with that, but we do feel there is probably a great deal of information in Canada which is not being given to the public and if there were increased Canadian content we would get more of this type of information.

**Senator Quart:** On page 4, paragraph 12, you say:

"We are concerned that a consequence of recent budget cuts has been a reduction of the creative staff of the National Film Board."

Has the National Film Board ever made a film of consumer problems?

**Mrs. Balls:** They made one back in 1949, I think, when the Association was first formed, or in the forming stage but that was the only one that has been made.

**Senator Quart:** Was that used very much across Canada?

**Mrs. Balls:** I think at that time it was and it was shown once recently but it was so completely wrong as to the image of the Association now, that it really provided a great deal of misinformation.

**Senator Quart:** Did you ever ask them to update that one or make a new one for you?

**Mrs. Balls:** We did have some contact with them about two years ago and there was some cost factor involved, and I can't give you the direct details. It was our editor and director of public relations who made the contact.

**Senator Quart:** Because I see that you are objecting to the cuts?

**Mrs. Balls:** Yes.

**Senator Quart:** Also the rentals, I suppose, on the films now?

**Mrs. Balls:** Yes, but that has been eliminated.

**The Chairman:** In section 15 of your brief you talk about your magazine and you say "the low income groups take little interest in reading." I really have two questions.

Number one, does that "little interest in reading" in your opinion, apply to the reading of daily newspapers as well as your magazine?

**Mrs. Balls:** Yes. I think they may look at the headlines, but not necessarily go into the details.

**The Chairman:** Well, when you say look at the headlines—do they buy daily newspapers?

**Mrs. Balls:** Not necessarily, no.

**The Chairman:** Well, when you say not necessarily...

**Mrs. Balls:** Well, a great many can't afford it and some are not interested. A lot have TV, of course.

**The Chairman:** Well, that is my second question. You say:

"—printed information must be supplemented by regular consumer information programmes in radio and television media."

Do you think lower income groups watch television and listen to the radio to the exclusion of reading daily newspapers?

**Mrs. Balls:** Yes.

**The Chairman:** Do you Mrs. Brechin?

**Mrs. Brechin:** Yes, I think I agree with that. For one thing, often this is their major expenditure. They often do not have the loose

cash to buy daily newspapers, but they will have a television set.

**The Chairman:** You talk about lower income groups, would you apply this same observation to more fully educated people, because there is not always the correlation between the two as I am sure you know

**Mrs. Balls:** By poorly educated you mean formally educated?

**The Chairman:** Yes.

**Mrs. Balls:** Yes.

**The Chairman:** Could you make any regional comment as for example between urban audiences and rural audiences? Do urban audiences tend to read more?

**Mrs. Balls:** I couldn't say.

**The Chairman:** You couldn't break it down regionally

**Mrs. Balls:** No.

**Senator Smith:** Just on that point, may I suggest that—again, I am depending on my memory—there were two surveys of readers of farm magazines which indicated that 70 per cent of their readers do not read a daily newspaper. One of the surveys was in the Province of Quebec and the other one was out in the Prairies.

**The Chairman:** Senator McElman?

**Senator McElman:** Excuse me, senator. In some areas only.

**The Chairman:** That was in some parts of the country, yes.

**Senator Smith:** Well, the area was rural Quebec and out on the Prairies. The Maritime provinces had the highest readership of any.

**Mrs. Balls:** I think often a daily newspaper is not available—well, it is available by mail but not by delivery that very day.

**The Chairman:** Senator Quart?

**Senator Quart:** You said earlier that unfortunately that your programs were carried more in the afternoon. Don't you think it is a wonderful, almost captive audience in the afternoon of various groups?

**Mrs. Brechin:** Oh, yes.

**Senator Quart:** Shut-ins, and so on and so forth? Personally, I love the afternoon programs.

**Mrs. Brechin:** Well, I think the afternoon programming is excellent and I agree with you that you have a very fine selection of programs in the afternoon.

**The Chairman:** When do you find time to watch them, Senator

**Senator Quart:** Not since I have been on Mass Media!

**Mrs. Brechin:** My reason for using the word "unfortunately" is not that it is in the afternoon, but that it is limited to the afternoon, and an increasing number of consumers are not able to view the afternoon programming. Men and working wives just don't have the opportunity to see afternoon programs and we would like to see it extended into the evening hours.

**Senator Quart:** I agree, but I do think that the women who look at the afternoon programs are—I am not saying the working wives, but the housewives, or the domestic engineers as I prefer to call them, whereas probably in the evening our husbands would probably prefer a hockey game or something like that.

**The Chairman:** Do you think he comes home and his wife tells him everything she watched on television?

**Senator Quart:** No she doesn't because probably he would make her turn off the television. However, we do hear some of these programs by very ardent feminists against some of the men and I don't agree with them at all. I think team work is everything in this world, even with bachelors around! And I did notice that you Senator Macdonald, dodged one word when you read that paragraph—I don't know whether you were shy or not, but you did—I forget just how you put it—let's look for it, but sexual implications or something like that! I know that some of these ads—really some of these advertisements really do take when there is a little bit of that word which we used not to have used but now which is used very freely "sex" thrown in.

**The Chairman:** Well, I think Senator Macdonald, like Mrs. Balls, was being polite.

**Senator Quart:** Oh, I see. Well, I am rather brazen, as you know, and I don't mind at my age!

**Mrs. Balls:** I would like to add something on this scheduling of programs. Many educational programs are held late at night and we feel that they should perhaps be on either in the afternoons or early in the evening.

**Senator McElman:** Mrs. Brechin, what activity do you have in the French language areas? Do you have a branch? Is there a separate organization? Or just what is the situation?

**Mrs. Brechin:** No, it is one association but in the Province of Quebec we have a provincial association as we have in other provinces of Canada. Our magazine is published in both French and English and we have a very active association in the Province of Quebec. We also have French-speaking members in other provinces in Canada. Our magazine is bilingual.

**Senator McElman:** You have spoken in your brief about concentration of ownership and multi-media ownership, et cetera. Have you had any representation from that branch with respect to such ownership in the Province of Quebec?

**Mrs. Brechin:** No, I am not aware of that.

**Mrs. Balls:** No.

**Senator Quart:** The other morning when I was in Montreal—it was on Monday morning I believe—you had a whole hour and a half over one of the stations in Montreal and one of the members of your Association, a very active one, was answering all sorts of questions about consumers.

**The Chairman:** Is this French or English, Senator Quart?

**Senator Quart:** She was French but it was on the English network.

**Mrs. Balls:** This has been a development in the last four months that this provincial association has become very active and they have been going out and soliciting this type of program.

**Senator Quart:** Yes, it was very, very good.

**The Chairman:** Mrs. Balls, I don't want to detain you long and I certainly do not want to delay the Senators, but I would just like to ask you one or two questions about your rather significant, I think, observations on a press council. You say in paragraph 22 that a



press council "within the necessary (apparently) political framework." And then in section 23 you say that the council "should be appointed by the Government." We have received many briefs from publishers and others opposed to the idea of a press council, but in fairness we have received many briefs from publishers and others supporting the idea of a press council. But, I think without exception the supporters of the idea have all felt that the press council should steer away rather directly from any form of Government involvement.

This is the first brief we have received in which someone proposes a press council in which there would be some degree of Government involvement. I would like you to comment on why you feel the Government should appoint it—obviously it is your opinion. So in the light of what I have told you that most people don't take that position, would you care to comment on this?

**Mrs. Balls:** I think Mrs. Brechin would comment on that.

**Mrs. Brechin:** It is obviously our members' feeling that this is probably the only fair way in which it could be set up. I should point out that this would be our secondary choice—it is an alternative to what we see as the better method. I can't say why members felt that it should be Government appointed except that perhaps they are influenced by the feelings that the Government is a more impartial body.

**The Chairman:** I am grateful to Mr. Spears. He sent me a note which says—The Canadian Church press brief also favoured Government involvement in a press council. I had forgotten that. Thank you Mr. Spears.

You feel that a press council to be meaningful would need Government involvement, is that correct?

**Mrs. Brechin:** In the original setting up.

**The Chairman:** And this was a feeling of the members?

**Mrs. Brechin:** Yes. I wouldn't like to voice an opinion on that.

**The Chairman:** Well, I said I had two questions on the press council. Let us for a moment take the position of the briefs unlike ours and unlike the Church Press brief—the opponents of the press council who feel that a press council should not have any form of

Government involvement. In that kind of a setting, why would not, long before this, the Consumers' Association have taken the initiative in either establishing or promoting the establishment of a press council in which the Government wouldn't be involved?

**Mrs. Brechin:** I think, Senator Davey, I must point out again that this is not what we consider the best way.

**The Chairman:** Well, what is the best way?

**Mrs. Brechin:** Well, in paragraph 18 we say the right of access to the media and programs and financing consumer groups in helping them to state their needs—self-policing rather than a press council.

**The Chairman:** So you are not in favour of a press council?

**Mrs. Brechin:** Well, we would prefer to see the other.

**The Chairman:** You would prefer to see the media improved...

**Mrs. Brechin:** By means of regulations.

**The Chairman:** Of Government regulations?

**Mrs. Brechin:** Yes.

**Mrs. Balls:** Not just regulations about by means of its own improvement through allowing or soliciting consumer access.

**The Chairman:** In other words by self improvement rather than Government imposed improvements.

**Mrs. Balls:** Yes, just on those two areas.

**The Chairman:** Those two areas being the ownership and concentration and news of consumer activities?

**Mrs. Balls:** Yes. I believe it is explained in 17 where it says "only in relation to foreign control and multiple ownership."

**Senator McElman:** Do you have in mind here, Mrs. Brechin, the trend that seems to be developing in the United States? I see you have made one reference to a ruling there where the government as such is developing the principle of right of access for equal time in certain situations.

**Mrs. Brechin:** Yes, that is so.

**Senator McElman:** That was the precedent you had in mind?

**Mrs. Brechin:** Yes, that and the setting up of consumer advocates and the provision of funds to help consumer groups make their wishes known and do research to back it up.

**Senator Kinnear:** On page 3 in the introduction of your brief here, some of the Association's future objectives are—I think they are very worth while objectives and I would like to say quite a bit about some of them. I am wondering about this one. What about the lower sugar content in canned foods?

**Mr. Spears:** Excuse me, Mr. Chairman. Senator Kinnear is reading from the briefing book, not from the brief.

**The Chairman:** Oh, I see. Senator Kinnear that document was prepared by our research staff but I am sure Mrs. Brechin will be able to answer your question.

**Senator Kinnear:** Lower sugar content in canned fruits.

**Mrs. Brechin:** Our reason for asking for this?

**Senator Kinnear:** Yes.

**Mrs. Brechin:** Well, this is because of a survey that we have conducted and requests made by member and non-member consumers. There have been methods developed for the provision of good quality canned fruit with a lower sugar content and we made representations to the industry to have this type of thing done on a test basis. It hasn't been done as yet because at the moment the commission is sort of working on a minimum standard of sugar. At the moment we have specified sugar syrups and...

**Senator Kinnear:** The reason I say this is that I think the canned fruit is better now than it has ever been.

**Mrs. Brechin:** Yes, but many consumers are very worried about the 40 per cent or 50 per cent sugar content, and it is possible to produce a very good product within the case of pears, 25 per cent and peaches 35 per cent sugar syrup.

**Senator Kinnear:** Well, that is fine. As long as you have a good product which is edible—some of the fruit used to be so bad that we didn't want to buy it but now it is lovely and everyone is using it.

**Mrs. Brechin:** Well, I think the increased control—increased quality control in our packing plants has had a great deal to do with it other than the sugar syrup. We know more and more plants have used it.

**The Chairman:** Well, perhaps the discussion of sugar content in canned fruits may not be within our terms of reference. I am going to terminate the meeting unless there are other questions. I believe Senator McElman has one.

**Senator McElman:** Yes, Mr. Chairman. On page 4, paragraph 14 you say:

"It is the only non-government publication in Canada which prints the government prosecutions under the Food and Drugs Act and false advertising section of the Combines Investigation Act."

Surely you don't mean that it is the only—these are published in the daily media are they not?

**Mrs. Balls:** Not in full. We did have originally "in full" in there but we no longer print the prosecution for drug users because we were told that this gives people the names and addresses where they can go and get drugs. So now we just say that there were so many prosecutions for drug abuse and the terms range from six months in jail to two years, or whatever it is, rather than printing the names and addresses; but as far as we know there is no other publication that prints the listing of company prosecutions.

Now, the false advertising ones—if the court cases are held in a city—yes, that is written up but the year-end report of the Combines Director is not necessarily printed in full. It tends to be only the companies that are prosecuted in that city. Again, I think, because the media feels that that is all that is of interest to the readers. We think it would be of interest to readers right across Canada.

**Senator McElman:** Yes. I get your meaning now. You mean the only nationally distributed magazine?

**Mrs. Balls:** Yes.

**The Chairman:** Well Mrs. Balls, Mrs. Brechin, I think most thoughtful Canadians commend your organization's activities and think the Committee might agree that it would be to everyone's benefit—that is the media and the media consumers—if you continue to display a greater interest in those areas as well. We would like to think that w

have stimulated such interest and certainly you have returned the favour because this has been a very useful morning. Therefore, on behalf of the committee I want to thank you both very much.

Senators, the committee is adjourned until 10 o'clock on Tuesday morning when we meet the Underground press.

Thank you very much.

The Committee adjourned.

















Second Session—Twenty-eighth Parliament

1969-70

# THE SENATE OF CANADA

## PROCEEDINGS

OF THE

SPECIAL SENATE COMMITTEE

ON

# MASS MEDIA

The Honourable KEITH DAVEY, *Chairman*

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No. 28

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TUESDAY, MARCH 10, 1970

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### WITNESSES:

*Underground Press*: Mr. John Laxton, Legal Counsel, *Georgia Straight*, Vancouver; Mr. Dan McLeod, Editor, *Georgia Straight*; Mr. Hans Wetzel, Editor, *Harbinger*, Toronto; Mr. Chris Johnson, Editor, *Cabal* 6, Sudbury; Mr. Paul Stevens, Editor, *Sweeney*, Oakville; Mr. Len Anderson, Editor, *Omphalos*, Winnipeg; Mr. Richard Cain, Co-Editor, *Octopus*, Ottawa; Mr. Stephen Harris, Co-Editor, *Octopus*, Ottawa; Mr. Terry O'Hara, Editor, *This Paper Belongs to the People*, Kingston; Mr. Dennis Westley, Editor, *Aquarius*, St. Catharines.



MEMBERS OF THE  
SPECIAL SENATE COMMITTEE ON MASS MEDIA

The Honourable Keith Davey, *Chairman*

The Honourable L. P. Beaubien, *Deputy Chairman*

Beaubien,  
Bourque,  
Davey,  
Everett,  
Hays,  
Kinnear,  
Macdonald (*Cape Breton*),

McElman,  
Petten,  
Phillips (*Prince*),  
Prowse,  
Quart,  
Smith,  
Sparrow,  
Welch.

(15 Members)

Quorum 5

## ORDERS OF REFERENCE

Extract from the Minutes of the Proceedings of the Senate, Wednesday, October 29th, 1969.

"With leave of the Senate,

The Honourable Senator Davey moved, seconded by the Honourable Senator Lang:

That a Special Committee of the Senate be appointed to consider and report upon the ownership and control of the major means of mass public communication in Canada, in particular, and without restricting the generality of the foregoing, to examine and report upon the extent and nature of their impact and influence on the Canadian public, to be known as the Special Committee of the Senate on Mass Media;

That the Committee have power to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of the inquiry;

That the Committee have power to send for persons, papers and records, to examine witnesses, to report from time to time and to print such papers and evidence from day to day as may be ordered by the Committee;

That the Committee have power to sit during adjournments of the Senate and that Rule 76(4) be suspended in relation to this Special Committee from 9th to 18th December, 1969, both inclusive, and the Committee have power to sit during sittings of the Senate for that period.

That the papers and evidence received and taken on the subject in the preceding session be referred to the Committee; and

That the Committee be composed of the Honourable Senators Beaubien, Davey, Everett, Giguère, Hays, Irvine, Langlois, Macdonald (*Cape Breton*), McElman, Petten, Prowse, Sparrow, Urquhart, White and Willis.

After debate, and—

The question being put on the motion, it was—  
Resolved in the affirmative."

Extract from the Minutes of the Proceedings of the Senate, Thursday, November 6th, 1969.

"With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Smith:

That the names of the Honourable Senators Giguère and Urquhart be removed from the list of Senators serving on the Special Committee of the Senate on Mass Media; and

That the names of the Honourable Senators Bourque, Smith and Welch be added to the list of Senators serving on the said Special Committee.

The question being put on the motion, it was—  
Resolved in the affirmative.”

Extract from the Minutes of the Proceedings of the Senate, Friday, December 19th, 1969.

“With leave of the Senate,  
The Honourable Senator McDonald moved, seconded by the Honourable Senator Langlois:

That the names of the Honourable Senators Bélisle and Phillips (*Prince*) be substituted for those of the Honourable Senators Welch and White on the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—  
Resolved in the affirmative.”

Extract from the Minutes of the Proceedings of the Senate, Tuesday, February 3, 1970.

“With leave of the Senate,  
The Honourable Senator McDonald moved, seconded by the Honourable Senator Langlois:

That Rule 76 (4) be suspended in relation to the Special Committee of the Senate on Mass Media from 10th to 19th February, 1970, both inclusive, and that the Committee have power to sit during sittings of the Senate for that period.

After debate, and—  
The question being put on the motion, it was—  
Resolved in the affirmative.”

Extract from the Minutes of the Proceedings of the Senate, Thursday, February 5, 1970.

“With leave of the Senate,  
The Honourable Senator McDonald moved, seconded by the Honourable Senator Haig:

That the names of the Honourable Senators Quart and Welch be substituted for those of the Honourable Senators Bélisle and Willis on the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—  
Resolved in the affirmative.”

Extract from the Minutes of the Proceedings of the Senate, Tuesday, February 17, 1970.

“With leave of the Senate,  
The Honourable Senator McDonald moved, seconded by the Honourable Senator Connolly (*Halifax North*):

That the name of the Honourable Senator Kinnear be added to the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—  
Resolved in the affirmative.”



Extract from the Minutes of the Proceedings of the Senate, Tuesday, March 3, 1970.

“With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Denis, P.C.:

That the name of the Honourable Senator Langlois be removed from the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—  
Resolved in the affirmative.”

Extract from the Minutes of the Proceedings of the Senate, Tuesday, March 3, 1970.

“With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Denis, P.C.:

That Rule 76 (4) be suspended in relation to the Special Committee of the Senate on Mass Media from 4th to 13th March, 1970, both inclusive, and that the Committee have power to sit during sittings of the Senate for that period.

The question being put on the motion, it was—  
Resolved in the affirmative.”

ROBERT FORTIER,  
*Clerk of the Senate.*



## MINUTES OF PROCEEDINGS

TUESDAY, March 10, 1970.

(28)

Pursuant to adjournment and notice the Special Senate Committee on Mass Media met this day at 10.00 a.m.

*Present:* The Honourable Senators: Davey, (*Chairman*); Hays, Kinnear, Macdonald (*Cape Breton*), McElman and Smith—(6).

*In attendance:* Miss Marianne Barrie, Director and Administrator; Mr. Borden Spears, Executive Consultant; Miss Nicola Kendall, Research Director; Mrs. Barbara Sullivan, Researcher; Mr. William Hesler, Counsel.

The following witnesses were heard:

Mr. John Laxton, Legal Counsel, *Georgia Straight*, Vancouver;  
Mr. Dan McLeod, Editor, *Georgia Straight*, Vancouver;  
Mr. Hans Wetzel, Editor, *Harbinger*, Toronto;  
Mr. Chris Johnson, Editor, *Cabal 6*, Sudbury;  
Mr. Paul Stevens, Editor, *Sweeney*, Oakville;  
Mr. Len Anderson, Editor, *Omphalos*, Winnipeg;  
Mr. Richard Cain, Co-Editor, *Octopus*, Ottawa;  
Mr. Stephen Harris, Co-Editor, *Octopus*, Ottawa;  
Mr. Terry O'Hara, Editor, *This Paper Belongs to the People*, Kingston;  
Mr. Dennis Westley, Editor, *Aquarius*, St. Catharines.

At 12.40 p.m. the Committee adjourned to 2.30 p.m.

At 2.30 p.m. the Committee resumed.

*Present:* The Honourable Senators: Davey, (*Chairman*); Bourque, Hays, Kinnear, McElman and Smith. (6)

*In attendance:* Miss Marianne Barrie, Director and Administrator; Mr. Borden Spears, Executive Consultant; Miss Nicola Kendall, Research Director; Mrs. Barbara Sullivan, Researcher; Mr. William Hesler, Counsel.

The following witnesses were heard:

Mr. John Laxton, Legal Counsel, *Georgia Straight*, Vancouver;  
Mr. Len Anderson, Editor, *Omphalos*, Winnipeg;  
Mr. Hans Wetzel, Editor, *Harbinger*, Toronto;  
Mr. Chris Johnson, Editor, *Cabal 6*, Sudbury;  
Mr. Dan McLeod, Editor, *Georgia Straight*, Vancouver;  
Mr. Dennis Westley, Editor, *Aquarius*, St. Catharines;  
Mr. Paul Stevens, Editor, *Sweeney*, Oakville;  
Mr. Richard Cain, Co-Editor, *Octopus*, Ottawa;  
Mr. Stephen Harris, Co-Editor, *Octopus*, Ottawa.  
Mr. Terry O'Hara, Editor, *This Paper Belongs to the People*, Kingston.

At 4.55 p.m. the Committee adjourned to Wednesday, March 11, 1970, at 10.00 a.m.

ATTEST:

Denis Bouffard,  
Clerk of the Committee.





## SPECIAL SENATE COMMITTEE ON MASS MEDIA EVIDENCE

Ottawa, March 10, 1970

The Special Senate Committee on Mass Media met this day at 10.00 a.m.

**Senator Keith Davey** (*Chairman*) in the Chair.

**The Chairman:** Honourable Senators, today we turn to a study of the "Underground Press" which, in Canada, is a relatively new phenomenon, but notwithstanding its newness, it is very much part of the overall Canadian media spectrum, and I think a study of the type we have undertaken really couldn't be meaningful without some study in reference to the role and function and purpose of the "Underground Press".

Perhaps before I proceed any further, I should introduce our guests, in no particular order.

At this end of the table is Mr. Dan McLeod who is the editor of the *Georgia Straight* from Vancouver.

Sitting between Mr. McLeod and myself is Mr. John Laxton from Vancouver who is the lawyer or legal representative of the *Georgia Straight*.

Sitting next to Mr. McLeod is Mr. Hans Wetzel who is representing the *Harbinger* from Toronto.

Mr. Paul Stevens is the editor of *Sweeney*, in Oakville, Ontario.

Sitting next to Mr. Stevens is Mr. Chris Johnson editor of *The Sudbury Free Press* also known as *Cabal 6*, and sitting next to Senator Hays is Mr. Len Anderson editor of *Omphalos* of Winnipeg, Manitoba.

I have two self-explanatory telegrams which I should read. One is from the editor of *Logos* of Montreal in which he says, and I quote:

"I am at home today my country will have to wait."

*Laughter*

The other is from Mr. J. F. O'Brien, of the *Montreal Free Press*. He says:

"Unfortunately I do not have the money for transportation to and food and accommodation and expenses in Ottawa. I therefore regret I am unable to attend the Special Senate Committee on Mass Media on Tuesday March 10, 1970."

So, there is no one here from *Logos* and no one from the *Montreal Free Press*.

It is my understanding that the only other person who will be here is Mr. Stephen Harris, who is the editor of the *Octopus*. Mr. Harris is here? Why don't you come up here, Mr. Harris, please. I am sorry. I didn't see you.

Mr. Harris is the editor of the *Octopus* here in Ottawa. There are two of you? You are Mr. Cain? How do you spell your name, Mr. Cain?

**Mr. Cain:** C-A-I-N.

**The Chairman:** Today has been structured as a round table discussion. I think a useful way of beginning would be to ask the various representatives of underground publications to make some kind of opening statement, and in a moment or two, I am going to put a question to all of them and let each one in turn answer. The senators will be familiar with the quotation I am going to read, but the representatives of the underground press and other people might be interested in this quotation, which appears as a prelude to the research paper on the Underground Press which the Senate Committee has had prepared.

Those of us who have young children are quite familiar with Kenneth Graham's book, "The Wind in the Willows". In that book, you will find the following couple of paragraphs which, as I say, form the prelude of our paper on the "Underground Press", and I am quoting the author. Mr. Graham wrote this, I believe in the first part of this century.

"Presently they all sat down to luncheon together. The mole found himself placed next to Mr. Badger, and as the other two were still deep in river-gossip from which nothing could divert them, he

took the opportunity to tell Badger how comfortable and homelike it all felt to him. 'Once well underground', he said, 'you know exactly where you are. Nothing can happen to you, and nothing can get at you. You're entirely your own master, and you don't have to consult anybody or mind what they say. Things go on the same overhead, and you let 'em, and don't bother about 'em. When you want to, up you go, and there the things are, waiting for you.'

The Badger simply beamed at him. 'That's exactly what I say', he replied. There's no security, or peace and tranquility, except underground. And then, if your ideas get larger and you want to expand—why a dig and a scrape and there you are! If you feel your house is too big, you stop up a hole or two, and there you are again!—No builders, no tradesmen, no remarks passed on you by fellows looking over your wall, and, above all, no weather. Look at Rat, now. A couple of feet of flood water, and he's got to move into hired lodgings; uncomfortable, inconveniently situated, and horribly expensive... No, up and out of doors is good enough to roam about and get one's living in; but underground to come back to at least—that's my idea of home."

And that's the end of the quotation. Now, the question I might put to you as representatives of the underground press is—Could you discuss for us—and I am afraid, gentlemen, I am going to have to ask you to do this in about three minutes because I want to get some kind of discussion started here. In about three minutes, could you tell us—could you describe for us really what the underground press is and then perhaps has a supplementary question, and more importantly because I think we have some understanding of the underground press, could you tell us why you publish your particular publication. As I say, I will go around and ask each of our guests to discuss this question, and then we will turn to a round-table discussion.

Perhaps, Mr. McLeod, I could start with you. I am aware that you have a brief of which the Senators will soon have copies. Is that correct?

**Mr. Dan McLeod, Editor, The Georgia Straight, Vancouver, British Columbia:** Yes, we were told that it would be here soon after ten.

**The Chairman:** Would you like to proceed with somebody else?

**Mr. McLeod:** Oh, we have copies that we can refer to or read.

**The Chairman:** Fine, Mr. McLeod. Before we begin, I might say your brief, if you read it in its entirety, would probably take about half an hour; so, could you summarize it for us?

**Mr. McLeod:** Well, I could—Most of the first page is in answer to this question.

**The Chairman:** Fine.

**Mr. McLeod:** And I could just quote from that.

**The Chairman:** Fine.

**Mr. McLeod:** The term "underground", I think, is not really that applicable to what we are doing because we are not really underground.

There are underground papers in more oppressed areas of the world and countries in Europe where the papers are truly underground. They are outlawed. If they appear on the street, they are seized. We have been in that position once, but we feel that the term "free press" more adequately describes what we are doing, and I have prepared a statement of why we felt that an underground or free press would be desirable and beneficial, and I will read from that:

"We felt a free press was desirable because young people are not allowed freedom of expression—and thus creative and/or political action—the way mass media are now set up. Young people, or more accurately free thinking people for the young in mind and feeling can be any age—are neither wanted nor needed by the mass media or society, and we have set about to change this situation by producing an alternative newspaper, and through this newspaper, alternative life styles which sometimes necessarily operate outside the limitations set down by the ruling class."

Now, the thing about young people, being wanted or needed, I think, is important. Jerry Rubin goes into this in depth, quite a lot of depth, but the society, the way it is set up now—is economically self-sufficient. It doesn't need young people to perpetuate it.

Free people do not take their freedom lightly in this society. Anyone who is not



practising freedom in his day-to-day life is not free. Freedom does not exist in the abstract. You do not have freedom unless you use it.

A free press was necessary when it began to publish because a truly free culture and life style was being born in many, many people at the same time. This free culture and life style had to grow. It either had to express itself or die.

*The Georgia Straight* and the so-called underground press are visible examples of the expression of the lively, growing and free people.

We need a free press because we need to live and communicate freely.

And then in answer to the question: Is the free press beneficial?, the free press is ultimately beneficial to the city. Its goal is not to destroy the city, but to change it for the better; however, it can never force its goal on the people of the city, because the people decide for themselves whether to change the society.

Conversely, the people must not force limitations of free expression and the press, for to do so, suppress the need for change.

**The Chairman:** Thank you that is a good statement.

I think, Mr. Laxton, I won't call on you, because I want you to get into the discussion later on but I think at this point perhaps I should call Mr. Hans Wetzel from the *Harbinger*.

**Mr. Hans Wetzel, Editor, Harbinger, Toronto, Ontario:** I can't—don't want to say anything yet.

**The Chairman:** You don't want to say anything yet? Okay, that's fine. Will you say something later on?

**Mr. Wetzel:** Sure.

**The Chairman:** Okay, fine.

Mr. Johnson, *The Sudbury Free Press*.

**Mr. Chris Johnson, Editor, The Sudbury Free Press, Sudbury, Ontario:** I think I should perhaps start giving a brief outline of how the paper is formed.

**The Chairman:** Fine.

**Mr. Johnson:** And how I came to be associated with it. It started one day, I was walking downtown in February and a friend came up to me and said he was thinking of

starting an underground paper and would I like to do the art work. I had been studying art for the three years previously. This was last March or—end of March, beginning of April, and we got half a dozen people together to work on the paper, and by the time May rolled around, we hadn't produced anything, and it ended up with two people doing most of the work; so, we just said, "Well, to hell with this. Let's get something out anyway."

We just threw together a publication which was largely poetry and art work, just whatever I could scrape together at that time, and to a certain extent that's what the paper has been since—scraping together whatever I can get from the people of Sudbury, which isn't very much, and what I can produce myself.

Since the first two issues, I have been producing it entirely on my own; so, the paper is very much a personal expression for me. It's rather like another art form, but unlike some art forms, the newspaper is one which goes out to the masses. It is produced in large quantity, and therefore it has to serve more than any other art form. It has to serve the people.

I am attempting to do this. I am attempting to provide a forum for ideas for the people of Sudbury. I am attempting to provide something which will be visually interesting, which will make good reading, which I hope can do something towards improving the City of Sudbury.

I have been getting involved with City Council and hoping that through that, things can be changed and the paper is to help accomplish this.

**The Chairman:** Thank you.

Next is Mr. Paul Stevens who is the editor of *Sweeney* from Oakville, Ontario. Mr. Stevens?

**Mr. Paul Stevens, Editor, Sweeney, Oakville, Ontario:** What we are trying to do with *Sweeney* is...

**The Chairman:** Can everybody hear these people?

**From the floor:** No.

**The Chairman:** Could you speak up just a little, please?

**Mr. Stevens:** What we are trying to do with *Sweeney* is more or less promote a different life style. Then if we can give the people a different viewpoint throughout the paper and a different way of looking at things, then we

more or less feel that we have done something.

In our first issue, the editor said we were trying to promote social change, and this is more or less what we have been trying to do. It's turned into more than just a paper. It's turned into more of a community thing.

People who were on our staff are now involved with the community workshops in town, such as drug crisis centres, drop-in centres. It's not just a newspaper any more. It's more or less a community of people just working for social change in Oakville.

**The Chairman:** Thank you.

Mr. Len Anderson from Winnipeg, editor of *Omphalos*, Mr. Anderson?

**Mr. Len Anderson, Omphalos, Winnipeg, Manitoba:** It's pronounced "Omphalos", Senator Davey.

**The Chairman:** We had a great discussion about this earlier, and I was informed that my pronunciation was as correct as yours, but I, of course, defer—(Laughter).

**Mr. Anderson:** I find myself in substantial agreement with everything that has been said. Our experience at *Omphalos* has been the experience of all these other underground papers. I didn't submit a brief because every time I started to write something down, it sounded awfully pretentious; so, it all boils down to one thing, I suppose, and that is that myself and Kelly Clark and Professor Adamson who started *Omphalos*, are agreed upon one thing, and is that the direction of society is precisely the wrong direction. That is, the direction that society is taking towards progress and prosperity and the resultant and massive ecological damage to the environment and a diminishing of the values of life.

The immediate reason we started *Omphalos* is because the Provincial Government of Manitoba was going to flood South Indian Lake, and both newspapers and the media in Winnipeg were not particularly critical of what seemed obviously a disastrous undertaking; so, Professor Adamson and myself and Kelly Clark decided to put out a paper in which we would solicit views from engineers, biologists, zoologists and so on, people who are concerned. And it began, in other words, as a kind of ad hoc paper criticising one thing, but once we got started, it was difficult to stop; so, we decided to try for a community paper, and we solicited articles from the community at large.

Nobody is paid at *Omphalos*, and there's only two or three people working full time and consequently we just went on from issue to issue. We have brought out fourteen issues now. We seem to have turned the corner. We are no longer in debt. In any event, the one thing that holds us all together is an agreement that progress and prosperity, the shibboleths of the politicians are, in fact, extraordinarily damaging notions, and we want to try to get people to think about what is really underlying these ideas of progress and prosperity. Thank you.

**The Chairman:** Thank you, and then next we have Mr. Stephen Harris who is the editor of the *Octopus* which is an Ottawa newspaper. Mr. Harris?

**Mr. Stephen Harris (Co-Editor, Octopus, Ottawa):** Will you go over the...

**The Chairman:** Yes, I am sorry.

**Mr. Harris:** What are we doing?

**The Chairman:** Well, really the question is just to get the discussion started—Why do you publish your paper?

**Mr. Harris:** Okay, right for basically the same reasons again. The newspaper coverage for the City of Ottawa is the two daily papers and a French daily, all three of which are so far inferior to even other daily newspapers that there has to be something done.

**From the floor:** I am sorry. We can't hear.

**The Chairman:** I am sorry, Mr. Harris. They tell me they can't hear you.

**Mr. Harris:** Just basically that the daily papers are insufficient. That's simple. And then there is the whole anti-progress, anti-capitalism, essentially, philosophy which has to be expressed and which nobody hears and we have to do that, and in order to basically let people know—people who otherwise are oblivious to various facts of life—we have to provide those facts. Basically people who have done the paper and all these papers have gone through a certain number of changes themselves to arrive the way they are, and I would just like to make that information available to as many people as we can; so we don't get just one person thinking he is the only person in the world that knows.

**The Chairman:** Thank you.

Mr. Wetzel, would you like to say something now? Mr. Wetzel is from the *Harbinger* in Toronto.



**Mr. Hans Wetzel, Editor, 'Harbinger', Toronto, Ontario:** I think my feelings as to why I would be involved with the starting of any paper or the starting of 'Harbinger'...

**The Chairman:** Can you hear him?

**From the floor:** No.

**From the floor:** Not too well.

**The Chairman:** I apologize to the people who are here. We usually meet upstairs where we have a sound system. Here we don't. I apologize to everybody, but everyone will have to speak more loudly.

**Mr. Wetzel:** The other thing is: we did have a brief that we printed in our paper.

**The Chairman:** Fine.

**Mr. Wetzel:** If you can just pass them around.

**The Chairman:** Can I have one too, please? Now, why don't you go ahead.

**Mr. Wetzel:** Yes, well, 'Harbinger' probably will continue to exist as long as the doors are locked, as long as we have banks, as long as we inject our beef with stillbestrol, as long as we continue to sell people rice that has no food value because they have milled off the ayer of the rice that contains the food value. As long as people are locked up in jails, 'Harbinger' will exist. It is that simple.

**The Chairman:** Can you hear that?

**From the floor:** No.

**The Chairman:** I am sorry, I think it's worth repeating, if you don't mind. Mr. Laxton has suggested that we might ask everybody to stand up, but I don't want to do that. Those at the back want you to stand up, but I don't.

**Mr. Wetzel:** Who are they?

**The Chairman:** Well, they are press people. It is quite easy to distinguish the Senators from the representatives of the press.

**Mr. Wetzel:** They are older.

**The Chairman:** Do we need that repeated not? Yes, would you mind, please, Mr. Wetzel? I am sorry.

**Mr. Wetzel:** Harbinger exists because there are doors that are locked; because we have banks; because we have people locked up in jails; because we sell beef and other meat

that is injected with stillbestrol which is a hormone that makes cattle grow faster, but it really screws around with the meat; and as long as people continue selling white rice which has no food value because they have milled it...they have milled out the particle of the rice that has the food value. People are getting screwed and we are just trying to change that. That's all.

**The Chairman:** Okay. I think I will perhaps say now we will begin our discussion. I am very anxious that what we have here this morning is a discussion so I put it first of all to the Senators that you need not wait for formal recognition from the Chair to chime in either with a comment or more particularly with a question; and I want to say the same thing to the people who are here from the various newspapers, and I certainly include you, Mr. Laxton. You needn't feel that you have to wait to be recognized by me. We would be delighted if you comment on anything that the Senators say, but also I think you should feel free to comment if for example Mr. Harris says something and you, Mr. McLeod, disagree, why don't you say so, and we will have hopefully some kind of a discussion.

We will now turn to that discussion, and I think perhaps Mr. Harris wants to add something, so let's start with him.

**Mr. Harris:** Well, it's just that in my explanation of why we were doing the paper, I emphasized the more negative aspects of what we were doing. There is also the creative aspect of the newspaper. We use the paper as our creative outlet, and I think the other people do too, and I think that is probably a greater reason for doing our papers than merely filling some kind of void. It is more of a creative thing.

**The Chairman:** Well, perhaps I could just say to Mr. Anderson... you began your statement by saying, as I understood you, that the reason for your paper is because society is moving precisely in the wrong direction. Do you believe that a paper like yours is the most effective way to correct these ills? Are there not more effective ways?

**Mr. Anderson:** If there are any more effective ways, I don't know about them, Senator Davey. This is so probably for a lot of reasons. One of the reasons is because of the phenomenon of the underground press itself in the United States, which is truly an amazing thing when one considers around 1955



that there were no underground papers in the United States, and within three years, there were about 400.

It has all the earmarks of something far more important, I would guess, than just university students or hippies simply wanting to put out papers. In other words, I think that the success of the underground papers is indicative of the fact that society at large is enormously unhappy and probably finds it very difficult to articulate its unhappiness; in other words, I see the underground press as not an excogitated thing, but a kind of almost naturally historical phenomenon.

I have no doubt in my own mind, for example, that the underground press will grow and flourish until finally it will make itself felt at every level of society very shortly.

**Mr. Johnson:** If I could comment on the question "Is the newspaper an effective way of doing it?"

**The Chairman:** Go ahead Mr. Johnson.

**Mr. Johnson:** I think that probably there are other ways of accomplishing the change, but I think that the newspaper can be a necessary adjunct to it; for example, what I am trying to do now is work with the City Council in Sudbury.

**The Chairman:** How?

**Mr. Johnson:** Well, I attend Council meetings. I talk with the aldermen and try to get my ideas across, and to a certain extent, they are coming up in Council. I feel that the City Council, for example, is the least structured of all levels of government and should be given much more autonomy than it is, and I feel that this should be where action should begin.

Now, the newspaper, I feel, is necessary to get what has been happening at the council level—this is just one aspect of it—to the public because the average newspaper carries very little.

**The Chairman:** How does "overground" media in Sudbury respond to your efforts?

**Mr. Johnson:** They ignore it.

**The Chairman:** Totally?

**Mr. Johnson:** In print, they ignore us. Shortly after I came out, I had a half hour interview on the local TV station. One of the local radio stations has carried interviews

with me. I have been received quite well by them.

**The Chairman:** This is perhaps an unfair question, you may not be able to answer this, but in your opinion would you say that the *Sudbury Star* is about like the average Canadian newspaper? Is it better or worse or could you comment?

**Mr. Johnson:** I would say below average.

**The Chairman:** You say below average—Why?

**Mr. Johnson:** Well, from what I have seen of papers, Toronto papers, B.C. papers, papers across the country, it is far below the standard in editorial writing and reporting. I think there are very few instances of events that I have known or in which I have been involved in Sudbury which have been well covered by the paper. In just about every case, there has been some mistake in reporting; invariably, I would say.

**The Chairman:** The point I wanted to make really was that you particularly indicated that the paper is zeroing in on municipal affairs; is this because of a particular deficiency in the *Star*; is it particularly in local coverage that they are bad?

**Mr. Johnson:** No, it is just one of the things. I look at it as an art form, but also as a method of getting into the political aspect, and that's one aspect where I think the *Star* does fall down and something can be done.

**The Chairman:** I wonder if I could go back to Mr. Anderson for something he said and perhaps put this question to you, and also to get a comment from Mr. McLeod on it.

I am going to read a quotation from the story which was written on the underground press in a recent issue of 'Canadian Dimension'. It is an article by Richard Dahrin on the "Underground Press in Canada."

Before reading the quotation, let me make my own position pretty clear. I am a nationalist. I don't make any bones about that. Now Dahrin is talking about the *Georgia Straight*, but I am going to put the question to both of you. He says:

"Although relatively few of its readers"—meaning 'Georgia Straight'—

"are Americans-in-exile, and Americans contribute hardly at all to its existence the 'Straight' is still plugged into the U.S. westcoast scene, and, just like the rest of

us, it is much less familiar with the comparatively weak, uncreative underground culture in the rest of Canada. Jerry Rubin and Allen Ginsberg and Herbert Marcuse, when they came to Vancouver were treated, in the 'Straight' like visiting nuncios. Underground is American!"

You made the point as to the vitality of the underground press in the United States—and I think you indicated—perhaps you didn't—that the underground press in Canada is a phenomenon which has been imported from the United States; so, what is the position of the underground press in Canada, vis-a-vis nationalism, and vis-a-vis this whole American thing? Well, perhaps we will go to you first Mr. Anderson and then to Mr. McLeod.

**Mr. Anderson:** Well, nationalism is—Let me put it this way; I am not a nationalist, and I don't apologise for it. I think that nationalism is one of those profound notions that's undergone a fantastic change in the last little while, just as so many other notions have undergone fantastic change.

What I mean to say is that perhaps a few years ago, it was acceptable to talk about nations and countries, but it's no longer acceptable to me at any rate, and I think probably it is true of most of the people involved in the underground press.

There is only one political reality and that is the American empire, and we are part of it.

**The Chairman:** Are you happy about that?

**Mr. Anderson:** Oh, on the contrary. I am very dissatisfied with it, but the point is that to be a Canadian nationalist—80 per cent of our economy is owned by American corporations; for example, when even Prime Minister Trudeau admits that about 15 per cent—I think that's the figure he quoted; He said our foreign policy was probably in the area of 10 per cent to 15 per cent where we can do something; in other words, we at *Omphalos*—we simply don't care about discussing national products.

**The Chairman:** You just throw up your hands?

**Mr. Anderson:** No, we think, to quote Che Guevara, "If you are going to go for the head, you have to go for the belly of the beast", and the truth of the matter is we are not of the American empire and we are anti-imperialist.

**The Chairman:** Mr. McLeod?

**Mr. McLeod:** I feel much closer to California than I feel to Ontario.

**The Chairman:** Why?

**Mr. McLeod:** I feel that the area west of the Rockies is a geographical and cultural area of its own, and I think that the official boundaries of walls between countries are gradually dissolving; but in America, it is becoming more isolated. I think that may change—the fact that America is shutting off the border to more and more Canadians who are going down there, especially people from the underground press. That may force us to get closer to our neighbours to the east.

**The Chairman:** You feel closer to California than to Ontario?

**Mr. McLeod:** Yes, culturally.

**The Chairman:** How about politically and economically?

**Mr. McLeod:** I think even the RCMP feel closer to the U.S. than Canada. They turned this deserter over to the American authorities in British Columbia—we had a story about it in our recent issue. They cooperate quite closely with the American authorities, but when we try to get across the border, we get hassled or turned back. All of our staff are on a list that they have at the American border; there is no one from the staff of the *Georgia Straight* or who has anything to do with the *Georgia Straight* who can be allowed to go through, not even people who are just carrying copies of the *Georgia Straight*.

**Mr. William Hesler:** Does it work the other way around? Do Americans coming to British Columbia get the same treatment?

**Mr. McLeod:** From what I hear, they receive very good treatment. One time I was turned back because I had copies of the *Georgia Straight* in the back of my car. I was met by half a dozen uniformed officers who said "There are still people who feel proud when they see the Stars and Stripes flying in our country". Then we turned back and we got to the Canadian entry point, and there was a friendly, smiling girl—she just passed us through; so it seemed like day and night, the difference.

**The Chairman:** Did you have any difficulty getting into Ontario?

**Mr. McLeod:** When we flew in?



**Mr. John Laxton, Legal Counsel for 'Georgia Straight':** We had difficulty getting a meal in Ottawa.

**The Chairman:** Tell us about that. It is not within the terms of reference of the Committee, but we would be interested.

**Mr. Laxton:** We went to a number of restaurants last night.

**The Chairman:** You say "we". Do you mean the whole group?

**Mr. Laxton:** Yes, there were a number of people from the underground press, lawyers and other people who had given briefs, secretaries to Ministers and so on, otherwise respectable people. We tried a number of restaurants, and we were turned down for a variety of reasons; it seemed that each restaurant would phone up the next restaurant and suggest that they offer another excuse because the number of excuses we got for being refused food were quite unique.

**Senator Smith:** What were they, by the way?

**Mr. Laxton:** Well, one of us didn't have a jacket on; at another place the jacket didn't matter but somebody didn't have a tie on. At another place we got there at twenty to nine and they said, "Well, the food is cut off at nine". We said, "Well, it's twenty to nine" and they said, "Well, just a minute, I will check". Five minutes later he came back and said, "No, the food is cut off now. You are too late." At still another place we went to, they said, "Well, you can have food, but you can't have anything to drink", and we wanted wine with dinner and we couldn't dance. Eventually, somebody gave us a meal.

**The Chairman:** Well, in fairness to Ottawa, I think we should know where you finally did eat.

**Mr. Laxton:** Well, it was a particular secretary to one of our ministers...

**The Chairman:** In a private home?

**Mr. Laxton:** In a private apartment, yes.

**The Chairman:** We won't pursue it.

**Mr. Laxton:** We only just got through, so...

**The Chairman:** Are none of you nationalists or do you all agree with the opinion expressed?

**Mr. Johnson:** I would differ slightly in that I feel that one effective method of opposing the "American Empire Canada Limited" is to promote self-government in Canada—to get the Canadian economy under Canadian control. To that extent, I am a nationalist.

**The Chairman:** Is that important to you, Mr. Anderson?

**Mr. Anderson:** Yes, but for one simple reason. I will assume the mantle of nationalism if it means that we in any way can weaken the American empire, but ultimately I don't care.

**The Chairman:** You said, I think that it was 80 per cent of the economy that was owned by the Americans and apparently there wasn't a protest movement.

**Mr. Anderson:** Well, it just goes to show the 49th Parallel was the loser.

**The Chairman:** Someone else was going to comment on that.

**Mr. Stevens:** The question I have is the quote you read which ran something like "The underground press is more or less an American phenomenon".

**The Chairman:** There it is, it is the part I have circled.

**Mr. Stevens:** As was mentioned, the underground press did get its start in the U.S. A lot of the culture we are living with now also got its start in the U.S. and a lot of the important people who belong to this sub-culture also live and operate in the U.S. You will find that a lot of the papers have what is called more or less "U.S. viewpoint" because, as was mentioned, a large part of our economy is owned by the U.S. and the things they are saying are also applicable in Canada.

As to the *Georgia Straight*, they are operating under a geographical boundary, not a national one, but as far as say, producing *Sweeney* goes—you can't draw a borderline on a community; the underground is a community, and you just can't take the 49th parallel and say, "Well, the community stop here, and Canada is something else". It's life style and you can't draw borderline across life styles.

**The Chairman:** Well, perhaps I am wrong but what it seems you are saying to me is that those of us who are—notwithstanding your observations, Mr. Anderson—those of us who still are nationalists, can look to you



fellows for help. That's what it really amounts to.

**Mr. McLeod:** Not exactly.

**The Chairman:** Mr. McLeod?

**Mr. McLeod:** Not exactly—I think there has been some suggestion that our content is American.

**The Chairman:** There is the quote, if you want to look at it.

**Mr. McLeod:** Well, this story by Richard Dahrin—This is the first time I have seen it, but it seems to say a lot about us.

**The Chairman:** It talks a lot about your paper, about all papers, but mostly about yours.

**Mr. McLeod:** Right, and I never met this fellow. He interviewed me by telephone from Vancouver, just like the man from *Time Magazine* last week interviewed me by telephone and never came down to see me. I have heard he does all his interviews by telephone.

**The Chairman:** You don't have to grant telephone interviews.

**Mr. McLeod:** I thought that he would at least come down to the office.

**The Chairman:** Why didn't you say you wouldn't talk to him unless he came up to see you?

**Mr. McLeod:** Well, I heard this fellow never does anything but telephone interviews, but I didn't know that before. I have always done personal interviews. I was going to meet this fellow but we didn't get together.

**The Chairman:** Those at the back can't hear you. Could you just speak more loudly please.

**Mr. McLeod:** The content in our paper—the latest issue for example—80 to 90 per cent of the articles are local articles having to do with the Canadian scene, an article on the pass-over of immigration sheets here in Ottawa, the American deserter who was "kidnapped", the story on all prosecutions for obscenity, B.C. Hydro, Skagit Valley and Vancouver 1980, recipes, articles done by local people, drug misuse, gossip columns, an article on seashells in B.C., "Four Heavies in Search of an Independent Canada", Robin Mathew's interview with Bob Williams of the NDP and the Social Credit Party in B.C., a

review of a local poet, movie reviews, international women's day, the National Press Club's discrimination against women, the Society for Pollution and Environmental Control in Vancouver, "Time for Surreal" which is an article written by a local artist, and ads and events going on in this city, and a column on how to help yourself, abortion information, VD clinic, legal air, Hare Krishma feed-ins, Vancouver University, transcendental meditation. That's all local.

**The Chairman:** So, you are making the point that it is Canadian content?

**Mr. McLeod:** It is.

**The Chairman:** Yet, notwithstanding the fact that it's 80 per cent Canadian, you still say you feel closer to California than Ontario; notwithstanding the fact that you are turned back at the border these days in California.

**Mr. McLeod:** As far as government of human beings is concerned, which is culture, I feel closer to California.

**Mr. Hesler:** Do you think you benefit from being a Canadian in the production of your publication?

**Mr. McLeod:** That border separates us from the more oppressed people of the west coast.

**Mr. Stevens:** I was going to say it separates us from the draft board.

**The Chairman:** Mr. Stevens says the border separates him from the draft board.

**Mr. Stevens:** When you talk about the underground, you are talking about a sub-culture—I hate to use clichés—the, "hippy culture" isn't a national phenomenon. It is not American; it is worldwide. It is international, and if somebody reads an article about something that happened in the U.S., he says, "Aha, this paper has an American bias or it is writing about American events". It is not applicable because you are talking about cultural and social and community activities that apply to everybody. You know, you don't erect borders on the underground.

**The Chairman:** Well, then, if you don't erect borders on the underground, and if, to use your phrase, the "hippy culture" which you used and I didn't...

**Mr. Stevens:** Cliche.

**The Chairman:** Yes, but if it's worldwide, it is also true to say, is it not, that it had its origin in the United States?

**Mr. Cain:** We can take it one step further and say it started in places like Afghanistan. That's where it started. They have been through three civilizations there. We are only on the first one.

**The Chairman:** Well, explain it. Expand upon it.

**Mr. Cain:** Well, at least three come to mind. Three emperors have been through the whole of the Middle East and they have been up and come down, but we are still on our way up, still building computers, space programmes and it's not worth it.

**The Chairman:** How do you relate this to the American things?

**Mr. Cain:** Well, we were getting at that—You said hippies were American. I said hippies were not American.

**The Chairman:** I said they began there—Wrong?

**Mr. Cain:** Okay, hippies began—Yes, hippies as a cliché began in the States.

**Mr. Stevens:** What is the hippie anyway?

**The Chairman:** I did not first use the words, you did.

**Mr. Cain:** I am terribly sorry.

**Mr. Stevens:** You would have, you know, a sub-culture that believes in, practises ideals that have been around for five thousand years, six thousand years. Well, what it's all about. The ideas are not new its just that you have a group of people practising them in this century, and they happened to practise them in the United States first maybe or they got their attention in the United States first.

**The Chairman:** We are drifting a little bit but I want to put the same point to Mr. Laxton and perhaps I could put the question to him.

You will appreciate that the concern of this Committee is the total spectrum of the mass media in Canada and this whole question of American influence is one which is—I won't say it's uppermost in our minds, but it is a major consideration of the Committee, and that's why I think the discussion does have some relevance for us. Mr. Laxton, as well as being the legal counsel for the Georgia

*Straight*, was an NDP candidate in the last federal election or was it provincial?

**Mr. Laxton:** Provincial.

**The Chairman:** Provincial election. He is presently the president of the New Democratic Party in British Columbia. That party takes a certain and rather dramatic policy on economic investments; therefore, I would ask you to comment on this discussion and perhaps I could more specifically ask you for your views on the recommendations which Pierre Juneau has made to the broadcasters in Canada, as I am sure you know, stimulating the greater degree of Canadian content? You are familiar with these proposals, that's where I think the cogency is.

**Mr. Laxton:** Well, let me say that I did not come here as an NDP candidate or president of the party.

**The Chairman:** I appreciate that.

**Mr. Laxton:** I came here as legal counsel because if anybody is interested in my views I am interested in expressing them on the question of nationalism or anything else that we are discussing.

My first thought about nationalism is to recall the words of H. G. Wells who said that nationalism would be a childish thing if weren't such a dangerous business. I am opposed to nationalism because I think that nationalism after religion has been the cause of more bloodshed in the history of mankind than any other "ism"; nevertheless, I think there is a situation in Canada today where nationalism perhaps is a necessary evil, at least certain forms of it. I agree with the gentleman here who said—I am sorry, I have forgotten...

**The Chairman:** Mr. Anderson.

**Mr. Laxton:** Mr. Anderson, who said we are a part of the American empire; and a lot of people don't like being a part of the American empire, not because we are controlled by a foreign country, but because we don't like the value system of the people who are controlling us. We don't like the life style of the people who have control; therefore we say that nationalism can serve a useful purpose if it helps us to sever our connection with people whose ideas about the kind of society in which we have to live, can be severed.

I think, perhaps, Senator Davey, you are making a false analogy when you say that the underground press is controlled by the



Americans in the same way as our economy is controlled.

**The Chairman:** In fairness, I don't think I said "controlled". I said important influence.

**Mr. Laxton:** Important influence. Well, I think those are loaded words. What is happening is that in the United States and in fact all over the western world, there is a movement against the existing value system, against the existing institutions, against the existing life styles, and that is not a movement of weird cranks. It is a movement that I think is being felt in an inarticulate way by a large portion of the population; and the underground press insofar as it carries articles and statements by Americans is merely showing an identity of interest with the humanitarian ideal which they have in common. I don't think that because these stories are carried in the Canadian underground press on the United States that that means that something subversive is happening, that control is being manipulated by a foreign government.

**The Chairman:** Can we put it this way. Would it be fair to say that the underground press in Canada is not nationalistic but neither is the underground press in the United States? Is that a fair statement?

**Mr. McLeod:** That's true.

**Mr. Laxton:** Yes, but I think it's less concerned with national boundaries than it is with the common problems of humanity wherever they are.

**The Chairman:** Well, we have talked a lot about that. Perhaps we could turn to another subject. Senator Hays...

**Senator Hays:** Yes, I would like to ask Mr. Anderson a question.

You intimated that there was a gap between the present mass media and this is part of the reason for your becoming involved with the publication of your particular paper. Would you enlarge on where the gap is? Is it a credibility gap or do you think that the reporting that is done in your papers in Winnipeg is being influenced by the editors and the editor is being influenced by the publisher? I would just like to know your views.

**Mr. Anderson:** Two newspapers we have in Winnipeg are both reactionary, particularly the *Winnipeg Free Press*, but they are both very reactionary indeed. I don't know who the demon is behind the structure of the *Win-*

*nipeg Free Press*. I have heard that it's someone called R. S. Malone who has written one book in his life and it happens to be on war. In any event, Winnipeg returns four Members of Parliament every election—traditionally, we return two NDP members, from Winnipeg North and Winnipeg North-Centre, yet both newspapers, as I say, are reactionary in that they in no way—it is self-evident that they don't even reflect the political thinking of the Winnipeg society.

**The Chairman:** How does the *Winnipeg Free Press* demonstrate the greater degree of reaction than the *Tribune*? Why do you say that?

**Mr. Anderson:** Well, Senator Davey, you have to live in Winnipeg really to feel the tentacles of the *Winnipeg Free Press*; it's a disturbing experience to pick up that newspaper and to read its editorials. They are wildly reactionary. I can't find words strong enough to indicate. They are concerned with one thing and one thing only, and that's money. Any time there's any fooling around with money, the *Winnipeg Free Press* sends out the editorial writers and off they go and they do their thing.

**The Chairman:** Have you lived in Winnipeg for a while?

**Mr. Anderson:** All my life, yes.

**The Chairman:** Do you think that that paper has changed its editorial posture over, say, the last 25 years?

**Mr. Anderson:** It seems to be going more and more to the right all the time, if that's possible.

**The Chairman:** I interrupted you, please go ahead.

**Mr. Anderson:** I just want to make one point. Perhaps this would clarify it. I think that there is a conflict of interests if the newspaper is a money-making proposition. I don't think it can be a newspaper. It becomes automatically a business once it becomes big business; consequently it reflects the thinking of those people who are involved in big business.

One of the things about the underground press is that I don't think that financially anybody is really making any profit out of them. I noticed that Dan McLeod has just very recently been paying for articles. Is that right? We don't. As a matter of fact, we are in debt. It's costing a thousand dollars of my



own money, but the point I am making is that once a newspaper becomes a business, once it becomes a profit-making business, it seems to me inevitable that it's not going to be a true paper.

**Mr. Hesler:** Mr. Anderson, would you describe *Omphalos* as being more of an opposition paper than an underground paper?

**Mr. Anderson:** Yes, the word "underground" is just a word of convenience.

**Mr. Hesler:** I think Mr. Stevens used the words "the borders of the underground" and I would assume that you go beyond the borders and appeal to...

**Mr. Anderson:** It's just an alternative media. That's all.

**Senator Hays:** May I get back and ask another question, Mr. Chairman? Would you hire a reporter that might be working for the *Winnipeg Free Press* or the *Tribune*? Would you consider him a good reporter, or how are his thoughts orientated, in your opinion?

**Mr. Anderson:** You mean, just hypothetical...

**Senator Hays:** The editorial content generally comes from one of the news stories.

**The Chairman:** Editorial content of the dailies in Winnipeg?

**Senator Hays:** Yes, generally in the first section or some section, there will be a story and then the next day or two days later there will be an editorial. How does this come about, in your opinion?

**Mr. Anderson:** Senator Hays, I am afraid I don't understand.

**Senator Hays:** Well, does the editor send out and say, "Well, we want to write an editorial on—" Well, say, there is an election campaign on. Go out and get a story on the NDP candidate. Probably they are going to clobber him in Winnipeg. Is this right?

**Mr. Anderson:** Probably, yes.

**Senator Hays:** Yes, and then the editor picks out the headlines from the story and then the editorial staff go to work on it two days later and then you read it.

**Mr. Anderson:** Well, one of the things I should explain, and I think this is a phenomenon of the underground press in general, and that is that they have no editorials as such. I

think the news stories and the editorials all run together. One of the things an underground press tries not to do, is to have that kind of objective faceless kind of reporting of facts, which is not as objective as it seems to be on the surface anyhow. I think the people who write for the underground press have the greatest freedom of expression and they interpret the news as they go along; in other words, they let their prejudices all hang out.

**The Chairman:** But that's what you were being critical of in the *Free Press*.

**Mr. Johnson:** But there is a difference. They pretend that they are unbiased which they cannot be. They hide it.

**The Chairman:** Following Senator Hays' question, how has the *Free Press* and the *Tribune* treated your paper? Have they covered your activities?

**Mr. Anderson:** Well, the *Winnipeg Tribune* hasn't mentioned it once, ever, ever, but the *Winnipeg Free Press* has, in fact.

**Senator Hays:** They were kind to you?

**Mr. Anderson:** No, they weren't.

**The Chairman:** Is that the article by Mr. Chris Clifford? I have an article written from Winnipeg which appeared in the *Ottawa Citizen* on the 16th of December by Chris Clifford from Winnipeg, and I was wondering if he was the *Winnipeg Free Press* correspondent?

**Mr. Anderson:** I think that's a pseudonym for someone who works for CBC. I am not absolutely sure.

**The Chairman:** You made a point about your \$1,000. This person says that the paper has become a financial success. I am quoting now?

"The paper has become a financial success; It's making enough money that it now has an office where the editors and hangers-on can meet and talk."

Are you a financial success?

**Mr. Anderson:** Oh, we are not a financial success at all. We operate from issue to issue. We always have to raise that \$300 for printing costs. It is always a hassle.

**Senator Hays:** You take advertising?

**Mr. Anderson:** Oh, yes, we will take advertising.

**Senator Hays:** And if you made a lot of money, you wouldn't object to that?

**Mr. Anderson:** Ah, I see where you are leading me, Senator. I don't object to money at all, but the money I would make I would put back into the paper and try to produce a better paper.

**Senator Hays:** How many do you sell in Winnipeg?

**The Chairman:** Mr. Laxton wants to jump in with something.

**Mr. Laxton:** Could I just add on this question of profitability because I also see where the Senator is attempting to go, and the *Georgia Straight* is probably the most successful underground paper in Canada today. It has a circulation, I believe, at the present time of over 20,000. Until Mayor Campbell illegally suspended its business life, it had actually received a circulation of 70,000, and it is getting some small amount of revenue in advertising. But I know, and that is why I wanted to make this statement—I know that all the money that they make doesn't go into paying fines and exorbitant legal fees. All of the money they make goes back into the paper.

They are constantly hiring new people and attempting to improve their general facilities, and all the time they are attempting to put out a better paper. If you look at the development of the *Georgia Straight* since 1967 when it first came out, you would see that today it is a much superior paper; and if the prosecutors would get off the backs of this paper, so it could survive economically, then I am sure that it could put out one of the finest papers in this country. There is nothing wrong with making a profit, if it is going to be put back into the paper.

**Senator Hays:** You feel then that there should be a ceiling on profits insofar as newspapers are concerned?

**Mr. Laxton:** Well, I don't see how you could impose a ceiling, really.

**Senator Hays:** You just don't agree with that. If you wanted to make a lot of money, why all the more power to you.

**Mr. Laxton:** That's not all we said, though. We said we are not interested in making a lot of money—I am speaking of "we" meaning the *Georgia Straight*—they are not interested in making money for its own sake. They are

interested in making money so that they can turn out a better paper. If you have a reporter, a man who has three children, he has got to have money to take home to buy bread and pay his rent. A paper that can't afford to pay its reporters a decent living wage, can't last very long, and that's what happened with people donating work voluntarily, and that necessarily has to be limited.

**Senator Hays:** Isn't this the object, though, of all newspapers in all the news media, to earn enough to put out a better product?

**Mr. Laxton:** Well, that's a subsidiary concern. They are businesses, as Mr. Anderson said, whose primary concern is not to educate, not to challenge, not to inform, not to criticize, not to really perform any vital function in society, but rather to make a profit for the people who own it. We are not saying that there is anything wrong with the profit concept necessarily, but if you apply it to newspapers, you end up with the kind of newspapers that we have in this country.

**The Chairman:** Senator McElman wanted to say something.

**Senator McElman:** Yes, does the *Georgia Straight* own its own physical plant, or is it printed by another?

**Mr. Laxton:** It is printed by a printer. It's a separate company.

**Senator McElman:** Amongst the objectives, would it be an objective to establish your own plant?

**The Chairman:** Mr. McLeod?

**Mr. McLeod:** Well, we would like to get our own printing press, but only for the reason that our printer has been threatened by the city prosecutor.

**The Chairman:** On what basis?

**Mr. McLeod:** The city prosecutor called three representatives of the printer into his office and warned that if they printed any genitals in the paper any more, that he would charge the *Georgia Straight* and our printer as well with obscenity and close down their business as well as ours.

**The Chairman:** How did the printer respond to that? Did he call you and talk to you and tell you he was concerned?

**Mr. McLeod:** He talked to me and said he was concerned, and I said that we would



impose some selfcensorship in that area, as we have been forced to do in other areas, in the area of criminal libel and area of counselling to cultivate marijuana, which are the charges which have been laid on us.

**Mr. Hesler:** Mr. McLeod, just to get back to your relations which your printers, I would like to ask you this question, but I would like, perhaps, the others here today to answer it as well. Do you find that you are being fairly treated by the people in the printing business?

**Mr. McLeod:** We are treated very fairly by our own printers. We have had five or six different printers in our history.

**Mr. Hesler:** Do you think that they are charging you an extra premium just to produce the kind of publication you are producing, perhaps because it is more dangerous for them to do so?

**Mr. McLeod:** That's possible. That's possible, but I wouldn't say that for sure.

**Mr. Hesler:** I would like to ask Mr. Wetzel...

**Mr. McLeod:** Our printer is one of the most reasonable in price and in his attitude of all the printers in Vancouver: but of other printers I wouldn't say the same thing. We have been turned down several times by printers, by all the printers in Vancouver and we had to print our paper in Victoria, on the Island several times and bring it over by truck because nobody else would print it.

**Mr. Hesler:** But at the present time your printing arrangements are fairly stable?

**Mr. McLeod:** Yes, the last time there was a threat was in September when a police officer threatened our printers outside the courtroom that the printer would be charged with criminal libel because of something that we said about the police officer. The printers were then being summoned on two or three different court cases, and they were very nervous. There was a feeling of uneasiness throughout the whole printing plant, and they just told us that they felt so bad about it they couldn't print it even though they really wanted to. So, for one week we printed in Victoria, but during that week we were acquitted on some charges of obscenity, and the printer reconsidered and we have been back with him since then.

**The Chairman:** Mr. Laxton?

**Mr. Laxton:** There was a postscript to that. After the *Straight* was acquitted on the obscenity charges for the first time in two years there was editorial comment in the *Vancouver Sun*, the *Vancouver Province*, the effect of which was that it was obvious that the *Georgia Straight* was being singled out for prosecution, and both editorials called on the Chief City Prosecutor to explain why the *Georgia Straight* was so obviously being persecuted in this fashion. Following the editorial support for the *Georgia Straight*, the atmosphere the tension eased quite a bit and the printer came back home and started printing for us again, and a lot of other things started to go a little easier.

**Mr. Hesler:** Perhaps we should discuss in detail in a few minutes this whole question of what we might call "suppression" on a local level in various forms, but before we get onto that, I wanted to get away from the *Straight* and ask the other papers how they survive financially because I think as you may know, one of the concerns of the Committee is to look into the financial problems of all Canadian forms of mass communication.

**Mr. Wetzel:** In his brief has made a very interesting comment, particularly since freedom of the press is another one of the concerns of the Committee, "Freedom of the press"...

**The Chairman:** You are quoting now from the...

**Mr. Wetzel:** I would like to say that I didn't write that brief. Dave Bush wrote that.

**Mr. Hesler:** Well, I might just ask your comment on this very interesting sentence: "Freedom of the press is very much a joke..."

**The Chairman:** This is at page 14 of this issue of *Harbinger* which we were given this morning. Where are you quoting from?

**Mr. Hesler:** It's the last sentence of the first paragraph.

"Freedom of the press is very much a joke when the only people who have the equipment for mass communication are the wealthy."

That may be so, but what can we do to correct the situation?

**The Chairman:** Mr. Wetzel?

**Mr. Wetzel:** We can stop ownership of property, ownership of business. My feeling



of business are that they shouldn't be run as businesses. Papers shouldn't have editors and publishers. If you are going to have a community paper which *Harbinger* is trying to do, it is run by the community. Its editorial content is decided by the community, not by an editor or an editor-in-chief.

**Mr. Hesler:** Do you think the community should make equipment available to the people who wish to express themselves?

**Mr. Wetzel:** Oh, yes, we have a Gestetner machine that's available for anyone to print anything they want. If we had rotary offset presses, we would make that same equipment available.

**Mr. Hesler:** If I had something that I wanted to get across to a large number of people, would you let me print it in your papers?

**Mr. Wetzel:** That would be up to all the people in Toronto who are directly involved in the paper. It wouldn't be just up to me.

**Mr. Hesler:** What sort of material would you reject?

**Mr. Wetzel:** I couldn't say that either because I don't know what would be rejected. In this last issue of *Harbinger*, there were three pages in it done by three other groups of people. One was the 'Coach House Press', Rainbow Bridge Trading Company and Rag-arokr all three of which are groups just as *Harbinger* is a single group, but they don't publish their own papers, yet we allowed them the freedom that they use our pages, and we have no control over what they say and do in their page.

**Mr. Hesler:** Do you charge them?

**Mr. Wetzel:** No, no, we do not charge them.

**Mr. Hesler:** How are you doing financially?

**Mr. Wetzel:** We owe about \$2,000.

**Senator Hays:** Would you publish something that John Bassett wrote for your newspaper?

**Mr. Wetzel:** There again, I can't make that decision.

**The Chairman:** Well, in this editorial, you say John Bassett controls *The Telegram* and CTO Television and part of the Maple Leaf Gardens. Supposing John Bassett sent a letter to the editor of this paper; would you print it?

**Mr. Wetzel:** Yes, that is one of the good things about underground papers. They can allow that interplay between people who read and people who write. If a person writes a book and if a person buys that book, he reads it and that's it. There is no interaction between the author and the reader. Newspapers give you that. The readers can write back.

**The Chairman:** Do you think that's true of the daily papers?

**Mr. Wetzel:** No, they chop up the letters; they don't print the letters as is.

**The Chairman:** Well, the *Toronto Star*, for example, when they were here before our Committee, they told us they started a new—what they call "participatory journalism". They have turned page 7 over entirely to anybody who wanted to write for it. Do you think that they would accept a piece from you? Do you think that they would accept a piece from you? Do you have any doubt that they would accept a piece from you? Obviously you do.

**Mr. Wetzel:** I do.

**The Chairman:** Why?

**Mr. Wetzel:** Because we were running into the same difficulties with our printer. He is getting hassled.

**The Chairman:** But not by the daily papers, surely?

**Mr. Wetzel:** No, but because of our content and the people who write for the paper. If you read through the paper, you get some idea of where their heads are at. If we were going to write for the *Star*, we wouldn't change the way we wrote, we wouldn't come here wearing a tie, because we have never worn a tie, just because you expect us to wear a tie.

**The Chairman:** I didn't expect you to wear a tie.

Do you think that the Toronto daily papers would reprint this "The Medium is a Mess" with all its dollar signs? Do you think—Would they reprint that?

**Mr. Wetzel:** Probably not with our mistakes.

**The Chairman:** Typing mistakes... Well, perhaps on the point of typing mistakes, we could recess for a few minutes. We will reconvene in about seven minutes at 11.30. Thank you.

Short recess.

**The Chairman:** If I could call the meeting back to order, Senators...

Perhaps before we begin, there are two more representatives of the underground press who spoke to me during the adjournment and should perhaps be introduced and identified, and if they wish to participate in the discussion, they will be more than welcome.

We have the editor of *Aquarius*, St. Catharines, Ontario, Mr. Dennis Westley. Sitting next to him is Mr. Terry O'Hara, who represents an underground paper in Kingston, Ontario, called *This Paper Belongs to the People*.

Now, we can resume. I think, Senator McElman, you wanted to start off now.

**Senator McElman:** Yes, I would like to get back to this matter of the physical plant and try to learn from each and all whether any actually do own a physical plant of their own for publishing. Secondly, if there are none, I would like to determine for the record what problems they have had in getting printed in their specific areas, the nature of those problems, and if there has been discrimination against the publishers.

**The Chairman:** Do you want to put that to each person in turn?

**Senator McElman:** Yes, I would.

**Mr. McLeod:** We have thought of going public, and we would have to fight a legal funds to buy a press, but we have been informed that Victoria, the government in Victoria, would try to oppose our going public, and we would have to fight a legal battle in order to get permission to go public; so that's being held out now.

**The Chairman:** Mr. Wetzel, do you want to comment on Senator McElman's question?

**Mr. Wetzel:** We have been talking to our printer about buying some rotary offset presses, but we have found out we need about \$35,000 before we could really realize that. The only thing we are just trying to do is find people who do have print shops, do have offset presses which can be used by people and we are trying to free them when they are not being used. Our people are still paying a commercial printer. That's only because we haven't found a press big enough to use yet. As soon as we do, we will probably do our own printing. There again, us owning a

press—we would like to have a press. We would consider owning it. We would have that press available for the people in Toronto wanting to do things. It would be that simple.

**The Chairman:** Okay, thank you. Mr. Stevens?

**Mr. Stevens:** We can't even afford to pay rent for offices; so I don't think we will be buying a press in any short time. We have never really run into troubles with printers.

Well, I should give you a short run-down on the offset process, maybe. You have to shoot the negatives of the thing and then you expose them, put them on a chemically treated plate; that is how you make your print, which we used to do if the negative was shot in one place and then the plates made in another place and have the paper printed some place else. The only trouble we ever had was when the guy refused to do it, one issue, because he saw obscenity in the paper. Since then we have never had any problems getting the paper printed.

**The Chairman:** Mr. Johnson, Sudbury?

**Mr. Johnson:** Well, as far as owning a press, I am in more or less the same position. I am having trouble paying off my printer. As far as trouble with the printer, the first issue I went to one printer in New Liskeard and this printer makes a practice of reading every word in the paper before he will print it, and he read every word, and he saw several words he didn't like in one article in particular, and said he wouldn't print it. Anyway, I changed printers and I have had no problem since then with the printer.

**The Chairman:** Are you printed now in Sudbury?

**Mr. Johnson:** No, there is no press in Sudbury big enough to do this and we go down near Barrie.

**The Chairman:** That's a long way. How many miles is that?

**Mr. Johnson:** Two hundred miles—it's not far, a few hours, not far.

**The Chairman:** A few hours by some... Do you hitch-hike down? Mr. McLeod says the *Sudbury Star* has a big press. Mr. Anderson, do you want to comment on that question?

**Mr. Anderson:** We have had no trouble with our printer at all. We are printed by printer in Steinbach, Manitoba, which is about



40 miles south of Winnipeg. It's a Mennonite community. We have had no difficulty, but then on the other hand, I think we probably have an understanding with our printer, and consequently we don't use words that are considered obscene excessively; when we pick up something from another underground paper or from Liberation News Service, but we ourselves don't use four-letter words and we don't publish pictures of nudes because we are gutless, I suppose. So, there is just no problem; and the arrangement we have now is satisfactory. We are not thinking of buying our own presses.

**The Chairman:** Mr. McLeod?

**Mr. McLeod:** We don't just have an agreement with our printer. We have a legal agreement which we call an "indemnity agreement" which says that, in effect, that the printer is guaranteed that if he is charged and convicted and fined for obscenity or anything else resulting from the paper being suppressed, that we would reimburse him for the fine or whatever costs would be involved.

**The Chairman:** I think Mr. Harris is next.

**Mr. Harris:** The main thing with printers that I found in Ontario, apropos of Mr. Johnson's comment about the printer reading every word—Well, the printer isn't liable in Ontario. It doesn't matter what he prints. It is the publisher that is liable; so that when we take a paper to the press, if it gets busted on the street, we are the only ones responsible. The printer might have the negatives or the plates, but there is no problem beyond that. Printers basically are not operating on the basis of their own ideas, and we have had troubles there.

**Mr. Johnson:** There are pressures put upon them by various official organizations which could be embarrassing for them.

**Mr. Harris:** That is possible. We have run around.

**The Chairman:** I think Mr. Laxton wanted to say something.

**Mr. Laxton:** Speaking as a lawyer, I don't think you are quite right when you say that the printer could not be charged. The Criminal Code applies in Ontario as it applies in every other province, and there is no doubt in my mind that the printer can be charged under the obscenity section, for example, and possibly under many other sections, but it's not generally the practice to bring charges

against printers, but that doesn't mean that they are legally immune. I think that they could be prosecuted.

**The Chairman:** Does that answer you?

**Senator McElman:** Well, Mr. Laxton has led me to my next question.

Can any printer be enjoined in actions against any of the newspapers?

**The Chairman:** Mr. McLeod?

**Mr. McLeod:** There is one more type of harassment of printers we haven't run across yet, but in Los Angeles where the *Los Angeles Free Press* is published—it is the largest underground paper with circulation over 100,000.

**The Chairman:** Is that a weekly?

**Mr. McLeod:** Yes, it is a weekly. They have finally bought their own press because their sixth printer was bought out by the *Los Angeles Times* and they immediately stopped printing the *L.A. Free Press*; their seventh printer was being pressured. He was their seventh and the last printer in Long Beach when they went and bought their own press and now they are operating with their own equipment.

**The Chairman:** Do you fellows from St. Catharines and Kingston want to comment on this at all?

**Mr. Terry O'Hara Editor, This Paper Belongs to the People, Kingston, Ontario:** It is very important to realize that there is more than one kind of control that a printer is encountered with. There is one kind of editorial control where he reads every word, but there is also a certain amount of financial control. No printer actually has to say, "I don't want to print this paper because I don't agree with your policy. I don't agree with what you are saying." He just gives a shut-out bid; so that for this kind of publication, it is quite often hard to get a printer in the first place.

When we started our paper in Kingston, we talked to an awful lot of printers, and the prices that we had for exactly the same basic price for just the printing of an eight-page tabloid paper on total offset varied from \$55 to \$1,072 for exactly the same thing.

Now, what this forced us into was that we could not in Kingston get a printer to do the same job that could be done in Toronto for \$55 for less than \$175; then again local bids



went as high as over a thousand dollars. This means that if we were going to get a price that we could afford, we would have to make a 165 mile round trip to Toronto every time we print, but we have to do that in order to get a price that we can afford.

**The Chairman:** Mr. Westley?

**Mr. Dennis Westley, Editor, 'Aquarius', St. Catharines, Ontario:** Well, we get ours printed in Toronto, the same as the *Harbinger*. They are pretty cool. They are pretty reasonable and we haven't had any problems.

**The Chairman:** Senator McElman, do you want to pursue this at all? Does that answer your question?

Could we, perhaps for a few minutes discuss the role of advertising in your papers? Do you all accept advertising? Is there anybody who doesn't accept advertising? So, you all accept advertising; do you get much advertising?

**Mr. Stevens:** Well, speaking just for *Sweeney* our advertising rates have varied. The amount of money we have got for advertising varies between \$117.00 and \$28.00 for, any given issue, and we have had to cut back the size of the paper or tried to sell a little more. We have lowered the price to get wider readership, and consequently a larger percentage of it paid by readers but this doesn't work very well. That's why our paper is more or less on a month to month basis. We can't plan ahead. I read some place in a handbook for writers of trade journals, small publications of this sort, that you were supposed to plan six months ahead for a monthly, but this is not feasible in our kind of operation.

**The Chairman:** How do you sell advertising?

**Mr. Stevens:** We have a list of rates drawn up and as to the individual soliciting, we have a person in charge of ads, and he goes out and bugs everybody he can.

**The Chairman:** In Oakville?

**Mr. Stevens:** Yes, more or less local and if they want it they buy it. We have had some good support from some quarters and some not so good. Other people won't even listen to us. They are paying for it, that's their privilege. It's more or less on a month-to-month basis, how much we get in.

**The Chairman:** How much advertising does the *Harbinger* get, Mr. Wetzel? Do you get a great deal?

**Mr. Wetzel:** We did. In Toronto, there is another paper called *Tribal Village*. They have the policy of soliciting advertising and telling the advertiser, "Buy an ad and we will do a story on you".

**The Chairman:** Doesn't the *Tribal Village* concentrate on entertainment?

**Mr. Wetzel:** I wouldn't want to make a judgment on it.

**The Chairman:** It seems to me when I read the *Tribal Village*, it is about television programmes, theatre, arts and music. Do they get more advertising than you do?

**Mr. Wetzel:** Oh, yes, in fact we have lost a lot of our advertisers because we have refused to do stories on them, at which point they get very upset, because they feel we should do a story on them—you know, say they are nice guys. The people on the paper that are writing that just don't want to do that, so it doesn't happen.

**The Chairman:** Yes, As I am sure you know, about 90 per cent of the national advertising in Canada, as opposed to the local advertising, is placed by advertising agencies in Toronto. What attempts have you made to secure national advertising for your paper?

**Mr. Wetzel:** Ours isn't really an affluent paper so we haven't made any attempt.

**The Chairman:** I think you are misunderstanding my concern.

**Mr. Wetzel:** From national advertising?

**The Chairman:** From the soft drink companies, from the automobile dealers—What attempts have you made?

**Mr. Wetzel:** Actually, I don't think any attempts have been made other than the record companies and the book companies.

**The Chairman:** Mr. McLeod, have you made any attempts to sell national advertising in your paper?

**Mr. McLeod:** National agencies have approached us. I don't know how we are dealing with them at the moment. Advertising is separate from my department.

**The Chairman:** The point I am making is in reading your papers for the last few days, almost all of the advertising is local advertising, which I suppose leads naturally to a criticism—why don't the national advertisers use your papers. Before we put that question, I

suppose you have to ask have you ever tried to get national advertising?

**Mr. McLeod:** We have a national advertising representative which reaches many of the underground papers and they get mostly record ads, some ads from publishers, but we haven't got much from them recently.

**The Chairman:** I saw a Columbia Record ad, I think, in this issue of your paper, which is the 25th of February.

**Mr. McLeod:** Yes, but Columbia has local offices in Vancouver, so we get it straight from Columbia as well as the other record companies.

**The Chairman:** Somebody told me that Columbia Records are the largest international advertiser in the underground press. That's a local ad, is it, this one here?

**Mr. McLeod:** Yes, Columbia was the largest advertiser in the American underground press till they cut out all underground press ads because of pressure from CBS.

**Mr. Weizel:** I think the Rolling Stones have a lot to do with that. They got into a lot of discussion with Columbia as to why they advertised heavily in the underground press rather than place more ads in the *Rolling Stone* papers because they reached the market in advertising that the underground papers wanted to reach and that's why Columbia cut down their advertising.

The *L. A. Free Press* has a circulation of over 100,000 and certainly they wouldn't be ignored for any specious reason.

**Mr. Hesler:** What was the effect of Columbia dropping their advertising?

**Mr. McLeod:** Well, I think it severely hampered the quality of the underground papers. We still are getting Columbia ads because I suppose the head office hasn't notified Columbia of Canada that they are not supposed to advertise in the underground press, or maybe they have some independence of their own.

**Mr. Stevens:** You have to look at it realistically, *Sweeney*, for instance, is a 16-page tabloid, and we have a maximum circulation of 1,000 in Oakville only. We have gone to various places that are national more or less with branches in all different towns, and they have said, "Take it up with the head office". They didn't seem particularly interested, and

the odd time we have followed it through, they ask, "Well, how many issues? How many people are seeing it?" It is a small paper, let's face it. A lot of people don't want to pay for the coverage they would get in *Sweeney* and also we haven't—I have to be perfectly honest—a lot of times we haven't had the time, inclination or money to be taking trips to Toronto to see head office.

**The Chairman:** Do any of you know what the total underground circulation is in Canada?

**Mr. Harris:** 100,000—That depends on what time you are estimating it on.

**The Chairman:** Weekly, I think, you know.

**Mr. Harris:** Well, if only one paper comes out weekly, bi-weekly.

**The Chairman:** How often do you publish?

**Mr. Johnson:** As often as I can. Sometimes I get out two in a month; sometimes I don't.

**Mr. Harris:** Maybe 100,000 to 150,000 a month, the bulk of that coming from the States.

**The Chairman:** If you are selling, let's say, 150,000 a month collectively, presumably you are reaching a select kind of audience, a kind of audience which would use specific products; for example, cigarettes are a pretty good case in point. Wouldn't this be a place for the cigarette companies?

**Mr. Stevens:** You need an organization.

**The Chairman:** Why haven't you got one?

**Mr. Harris:** We don't want that.

**The Chairman:** Why? You say you haven't enough money.

**Mr. Harris:** Oh, we can use more money.

**The Chairman:** You accept advertising, but you don't solicit it?

**Mr. Harris:** If people want to give us advertising, that's fine. We solicit local advertising.

**The Chairman:** Why don't you solicit national advertising?

**Mr. Harris:** Can't be bothered. I don't really care.

**The Chairman:** It's not a question of whether you care. It's a question of whether or not you need the money.



**Mr. Cain:** That's exactly the point between the underground press and the uptown press.

**The Chairman:** But you are being inconsistent. Why do you accept local advertising and not national? It seems to me if you are consistent, you would say there is no advertising in our paper. Why don't you say that?

**Mr. Cain:** If you go through the papers, you will see that the majority of advertising comes from boutiques, music stores, local music stores, rock shows, things like that; so, there is consistency in that our advertising is local and also a part of a life style.

**The Chairman:** Does everybody agree with that? Does Mr. Wetzel agree with that?

**Mr. Wetzel:** I think *Octopus* would probably accept national advertising if it is being offered.

**Mr. Stevens:** To set up an organization that could handle national advertising would take time and effort and money that the majority of us don't have available now.

**Mr. Harris:** There are agencies, but what I am saying is who is advertising in Canada on a national level?—maybe a couple of book publishers?

**The Chairman:** Not a cigarette company?

**Mr. Harris:** No.

**The Chairman:** Why? You are smoking Players there. Why not?

**Mr. Cain:** We are not smoking Players tobacco though.

**Mr. Harris:** I don't think people want to pick up the paper and read about cigarettes or Firestone tires. Advertising is content to the point that it tells people what is happening in town. You can tell people that they can smoke Players cigarettes or listen to Columbia records but as far as I am concerned that is pretty well irrelevant to what we want to communicate.

**The Chairman:** If Columbia Records came to you and said they wanted to rent a quarter page in every issue, would you accept it or not?

**Mr. Harris:** I would have to think about it.

**The Chairman:** You would have to think about it. Would you have to think about it, Mr. McLeod? If Columbia Records came to you and wanted to run an ad?

**Mr. McLeod:** If they could get a contract—We have had contracts.

**The Chairman:** Well, does anybody else want to comment on this?

What is the policy of your paper on national advertising, Mr. Anderson?

**Mr. Anderson:** Well, I was amused to think that you would make a pretty good editor of an underground paper, because you think big. It never even occurred to us to get in touch with an ad agency in Toronto, but maybe when we get back we will.

**The Chairman:** Well, I am sure you will perhaps be offended at having the underground press described collectively as a "market"; so, apologizing for that description, it is a market which would interest some advertisers, and I am wondering why those advertisers haven't been approached.

**Mr. Anderson:** It just never occurred to us.

**The Chairman:** The fellow from Ottawa here said they don't want them. Do you have that attitude in your paper?

**Mr. Johnson:** It's just a question of haven't had the time to go after it. It is a question of time, but to a certain extent it is a question of the content of the ads that would be placed.

**Mr. Laxton:** Isn't it a question of priorities? The papers aren't primarily concerned with building up advertising revenue. The only concern with advertising revenue is to have sufficient to enable the paper to function as an economic unit; but the first motivation of these papers is to communicate a message, what they think is important, and only secondarily are they concerned with building up the business. That's why I think most of the papers have neglected the business side of it. It wouldn't be surprising the find that they hadn't developed a very large campaign.

**The Chairman:** We live in a real world, and it costs. Don't you think we live in a real world?

**Mr. Harris:** You wear that suit because it is pushed to you.

**The Chairman:** Pardon?

**Mr. Harris:** You wear that suit because it is pushed to you.

**The Chairman:** Why do you wear that sweater?



**Mr. Harris:** Because I like it. It's made by somebody I like, my mother.

**Mr. O'Hara:** I think you have to remember that all underground papers, all I have ever come into contact with, work with very limited facilities in terms of human resources as well as financial resources. In terms of the kind of thing we try to communicate, it is much more important to use those resources to be having people knocking on doors selling papers rather than fishing around for national advertising so that you can turn out even a slightly better paper. It is a much more important thing to the people who read that paper.

I think even Thompson once admitted that paper should be able to support itself on its own circulation, and he's notorious for not reading the contents and perhaps not reading the ads enough. I think possibly there's a certain amount of distaste for advertising revenue which has been perhaps reflected, and there is a certain amount of control inherent in that kind of thing however well you attempt to say no.

The important thing is the editorial content. If you, for example, got used to having the quarter-page Columbia ad every week on every issue and that's cut off, that could conceivably put you under some kind of pressure which would take a definite step to overcome that kind of pressure. It's not that bad an idea not to allow yourself to be placed in that situation.

**Mr. Westley:** Yes, there are other problems too. I find in our experience that if you haven't got a good circulation, advertisers don't want to look at you.

**The Chairman:** I am sorry?

**Mr. Westley:** If you haven't got a good circulation, advertisers don't want to look at you. If you can't circulate, you can't get advertisers. When you take the paper around, people don't want it in the stores because it doesn't have advertising. This has happened in a number of cases; and again you are sort of trapped. Then you get a bunch of people who are thinking, "Well, if you are going to reduce an ad for Stelco Steel and put it beside an article on pollution, you are crazy, because that's a contradiction." And so it gets down to that too.

So, in the end you can't do it anyway so you just leave the paper alone. You forget about the advertising revenue. I think advertising on the whole is part of the problem and

I think our underground newspapers are part of the solution and I don't think you can compromise the two.

**The Chairman:** Well, how do you mean. Would you expand upon that?

**Mr. Westley:** What, advertising?

**The Chairman:** Well, you say that the underground press is part of the solution. In what way?

**Mr. Westley:** I think we are trying to get out that problem. I think we are trying to demonstrate not just through keeping a paper going and not having all the advertising in, because people aren't dumb. People are tuned in and they will see that there is a contradiction right on that page. I think I feel anyway that we are trying to do without any contradictions to make it pure and simple, and I think that works out a lot better.

**The Chairman:** Well, I wonder if Mr. Cain and Mr. Harris pay their contributors. Do you pay them, Mr. Harris? Not at all. Nothing. So the only thing you pay for is the printing?

**Mr. Stevens:** Production costs, yes.

**The Chairman:** And you defray those production cost partially with local advertising?

**Mr. Stevens:** Yes.

**The Chairman:** And as long as you can meet those bills, that's all you want to do?

**Mr. Harris:** Well, no, we do want to get bigger. We want to come out more often and at a more professional level. We are attempting to increase our circulation and our advertising in order to put together a more commercial paper.

**The Chairman:** But circulation revenue is more meaningful and more important?

**Mr. Harris:** No, about 60 per cent of our revenue comes from advertising at least.

**The Chairman:** Are there other questions on advertising?

**Mr. Westley:** Yes, and there is another important point too.

**The Chairman:** Mr. Westley?

**Mr. Westley:** Yes, it is very important if you have a community newspaper and you want to involve people in it, I find that once people get involved—there are all kinds of people with journalistic talent, people who

have got views about change in that particular community. The paper doesn't stand by itself. At least our paper doesn't. It's a joint effort going hand-in-hand with action, political action, in that community and there are no doubts about it.

People who get involved, I find, like to get out there and write articles and it is sometimes harder for somebody to take to knock on doors, talk to people about the paper. You know, you can talk to people right there on the street. You can involve them. You can start talking to them personally, so the paper becomes a personal thing rather than an impersonal piece of mesmerizing—whatever it is. So that in that way we are working towards that too.

**Mr. Hesler:** Would you say that distribution with that method is part of what you are trying to do?

**Mr. Westley:** Yes.

**Mr. Hesler:** You wouldn't like to see a situation where you could easily distribute your paper on the stands?

**Mr. Westley:** Oh, I would like to see that very much, but unfortunately where the press has a monopoly in our political activity, it forces the rule very strongly; it is very difficult to do that.

**Mr. Hesler:** But, if you still could do that, would you still distribute in the street?

**Mr. Westley:** Oh, yes, I would do everything possible to have personal contact and personal involvement in that paper. Everything possible.

**The Chairman:** I think it might be useful to talk just a little bit about how you do circulate and distribute the paper.

**Mr. McLeod:** I would like to just...

**The Chairman:** Yours is on advertising too, Mr. Johnson, isn't it?

**Mr. Johnson:** It is partly on advertising.

**The Chairman:** Why don't you go ahead.

**Mr. Johnson:** When I took my paper to a distributor who distributes all magazines to the newsstands and they took a look through the paper, the first thing he mentioned was the advertising. I had about two 6" x 4" ads. This is the question he was asking, but I think there is a large trend in the underground press, away from advertising, mostly

through the use of the offset press rather than the typeset, linotype or whatever, which reduces the costs tremendously. Circulation alone can pay for the newspapers produced this way once you get a decent circulation. There is this trend in that direction.

**The Chairman:** Mr. McLeod?

**Mr. McLeod:** There are two points I want to make about advertising. First of all, I want to say something about the market of the underground press.

Marketing research communicates that an ordinary newspaper would be read by about three people; and so if you have a paper like the *Sun* which has a circulation of 250,000, their actual readership is 750,000.

A friend of mine from Chicago, who is the editor of *Chicago Seed*, was in Vancouver just last week and he says that some people have done market research on the underground press and they found that each underground paper was read by between five and ten people and thus there is a larger readership for the number of papers that are printed. So, there is a market there for advertising, but there are two problems with advertising that I see.

One is that we are wary of depending on advertising to support the paper, as that could lead to pressure groups or pressure from the advertisers. We think we would have that problem, I think, if we got more advertising. There are two examples which I mentioned in the brief.

One of the reasons the *Vancouver Times* failed is because Woodward Stores, the most influential advertiser in B.C. collaborated with the civic press to keep ads out of the *Times* and so the *Times* died of financial starvation. It's well known that if Woodward advertises in any paper or in any media that other advertisers will follow without question if they want to reach the people through that media. Another smaller example...

**The Chairman:** Have you ever approached Woodward's to ask them to advertise in your paper?

**Mr. McLeod:** A couple of salesmen have and they have been kicked out on their ear literally.

**The Chairman:** Carry on.

**Mr. McLeod:** *Wednesday*, which was a small community newspaper in Vancouver in *Kitsilano* died because the *Kitsilano Ratepay*



ers Association, which is the local pressure group with head people in that community, canvassed the paper's advertisers and warned them against advertising in the paper. Many of the advertisers dropped out and that caused the paper to collapse. Then there is the example in the underground press of the *Helix*. *Helix* is a paper in Seattle which was just about to fold when Columbia started placing ads in the underground press. This is a happy example, and they got the money to survive for that period of time, but if Columbia had decided to drop out at that time or decided not to advertise like they did later, the *Helix* probably would have folded.

**Mr. Hesler:** Would you suggest that Columbia might start telling a paper like that what to print?

**Mr. McLeod:** I think that any advertiser who advertises in the underground press is pretty well aware of the policies of that paper and that as far as I know they don't try—they haven't tried to pressure us. Sometimes advertisers will ask us to print a photo of a band or something—something like that. We do not do that kind of thing. We don't care what they do. Whether they drop out or whether they stay, because we are not that dependent on it.

**Mr. Stevens:** It is a little more subtle. They do try to exert a little pressure. For instance, when we first got started—well, an individual store started advertising. They usually bought a fairly good-sized ad like a quarter of a page and we got so that we were looking forward to their ad coming in; and then they saw a copy they didn't like. They said if any more of this kind of stuff got in, they wouldn't advertise with us. We just didn't bother going after their ads any more because we didn't believe that they should have that right. If we had built up more dependence on them, we would have folded at that time.

Fortunately, it was only about a quarter of a page. If they had been buying, full pages, that would be paying a third of our costs. We might have had to fold, and so, as I say, the pressure is a little more subtle than just sending a letter to the head office.

**Mr. Hesler:** The pressure is there all the same.

**Mr. Stevens:** Yes, don't get the idea that all the advertisers are breathing down our neck, though, to control the paper, because they are not, at least in our case; but, the possibility is

there certainly, and this is why we have tried to get away from advertising as much as possible and depend more on the money coming in from circulation because you are never put in the position to have to rely on advertisers to that extent.

**The Chairman:** How much is your advertising space, can you tell us?

**Mr. Stevens:** For our paper, considering we only have a thousand per issue, we charge \$40 for a full page.

**The Chairman:** \$40 for one full page?

**Mr. Stevens:** Yes, one full page any place in the paper except for the editorial page. We charge special rates for the back page. A lot of times we will advertise for someone who doesn't pay if we think that it's something good; for example there was a more or less free festival in Oakville in September and we gave them a full page because we felt it was a good idea. And then there was a place for kids to go for the summer. They had a bit of money to throw around. We did it for free because it is a community thing.

**The Chairman:** Mr. Harris?

**Mr. Harris:** Columbia has in a way, tried to influence us because they have said they are not going to advertise in the underground papers. They are advertising in music-oriented papers; so that they are saying to underground papers, "If you want Columbia to advertise in your papers, become music-oriented, totally music-oriented". A lot of papers haven't done that. Then you have springing up, especially in the last while, community papers devoted solely to the music market, like the *Rolling Stone*; it is visibly cutting into the Canadian Market and is subsidized essentially by record companies. If you look at the *Rolling Stone*, there are ads which used to appear in the underground papers.

**The Chairman:** You quarrel with that policy? Surely Columbia Records have the right to advertise where they want?

**Mr. Harris:** Definitely, but again they are saying to the underground papers—"If you want to print that kind of stuff, you can't have our advertising."

**The Chairman:** And the underground press is in some cases going under to this? Newspapers are starting on entertainment?

**Mr. Stevens:** They are just getting a little bit more down to a political thing. I don't



know, maybe they just want to start a trade journal.

**Senator McElman:** Mr. Chairman, has Mr. Harris been told that directly by Columbia?

**Mr. Harris:** That was made clear in the United States, not directly to us, because we have never had a record ad, but this was made clear to the American papers.

**Senator McElman:** This is what you have learned from them. Has this been published by them?

**Mr. Harris:** I think that's been published in various underground papers. It's a well known fact. I don't think anybody at Columbia would dispute it. You have papers like *Rolling Stone* devoted exclusively to rock and roll, and I don't know what its situation is. It's far above any other papers. It's probably as much as all the other papers put together. So you have this entirely new field of journalism springing up.

**The Chairman:** Are there other questions on advertising? We have had comments from Mr. Anderson on the papers in Winnipeg and Mr. Harris on the papers in Ottawa.

**Mr. McLeod:** I have one more point.

**The Chairman:** Yes.

**Mr. McLeod:** The first point was that if our business did depend on advertising as much as some papers do, the pressure groups probably would form to try to put us out of business. The second point is the point of censorship of ads, and a lot of people in the free community believe that certain ads should be censored and should not be allowed to appear and so we have...

**The Chairman:** Could you give us some examples of ads which—I don't mean you, some of your people or some of your friends may think should be censored?

**Mr. McLeod:** Well, cigarette ads that come up here and/or ads for any industry that's involved in pollution, or sex ads which are exploiting women that appear in U.S. papers and some of them appear in our own papers. Some people even want to censor all ads entirely. So there is a problem within the community as to which ads should be accepted because if we all basically disagree with the system, why should we support it by advertising it?

**The Chairman:** Yes, I think that is a pretty important point.

**Mr. McLeod:** It's a very basic problem, and I don't say that I have the solution to it, but it's a problem that we all are going to have to deal with in the future.

**The Chairman:** And perhaps the way you are dealing with it in sort of an ad hoc way is by not concerning yourselves with national advertising.

**Mr. McLeod:** Well, we are going after national advertising. They have approached us, and we are also going after some, but I think it's mainly in the field of the record industry, but at the same time, we are trying to expose what we call the rip-off, of our culture by the music industry, the use of musicians in rock groups, to sell records, at the same time suppressing the message which the groups are trying to present, and there are numerous examples.

**The Chairman:** Could you give us one?

**Mr. McLeod:** Well, the Jefferson Airplane wanted to put out an album called "Volunteers of Amerika", spelled with a "K" in America, A.M.E.R.I.K.A. which is, you know, the connotation of the fascist America. They wanted to censor that and they finally just called the album, "Volunteers"; they wanted to censor the lyrics as there are certain words they found offensive, and it took months to get this album out, but they finally got it out. This is a major victory for a rock group, to get an album through like this. In the past, albums like that wouldn't even have been considered; so, the pressure for change is being brought to bear upon these companies.

**The Chairman:** I think the question I was going to ask I will perhaps ask after lunch.

I would like to instead come to another point which relates to you, Mr. Anderson. As to the article I mentioned by Mr. Chris Clifford, I must apologize—Mr. Spears has corrected me—Mr. Clifford as a Special Correspondent. The Citizen is a Southam paper and not a member of F. P. Publications, so presumably if it appeared at all in Winnipeg, it appeared in the *Tribune*. Presumably it didn't, but for the record, it was in Southam rather than F. P. Publications that we saw it.

He said, after he had discussed your success, which we have discussed—

"And with this success come larger dreams. Mr. Anderson hopes some day to establish an underground radio station in

the already overcrowded radio scene in Winnipeg"

And then he quotes you as saying that:

"radio statinos here are just like the newspapers. They are all run by an establishment, with one aim: to make money. And they're just poisoning our minds with the garbage they're putting out."

And it asks how would you finance a new radio station? You said:

"By private subscriptions from interested people to the tune of an average of \$10 a year. 'Surely there are 5,000 people in Winnipeg who would support us.'"

Then you say that "the difficulty would not be in getting the capital to establish a station; but it would be in getting a licence." Then you are quoted as saying: "That's dipping into the arena of politics, but we sure would like to get that radio station".

The question I would like to put to you is, assuming your dip into politics was successful, and assuming you got a licence to start a radio station in Winnipeg, how would you programme it?

**Mr. Anderson:** Well, the people involved, and myself thought there would be six hours of public affairs and six hours of music; we would be on the air twelve hours a day. We thought we would be on the air from perhaps 7.30 in the morning, probably to 12.00 or 1.30 or something like that in the afternoon, come on again during the supper hour and then finally from seven o'clock until one with uninterrupted music. That was what we would be thinking in those terms.

**The Chairman:** Would the public affairs programmes?

**Mr. Anderson:** Oh, well, we would have panel discussions, we would be discussing politics. We would be discussing what's in the news. Oh, it just seems endless. It seems to be a problem of getting public affairs covered.

**The Chairman:** Would the public affairs programming reflect your bias or would it attempt to be objective?

**Mr. Anderson:** No, it would reflect the bias of the underground press' period. It would certainly.

**The Chairman:** I wasn't being funny.

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**Mr. Anderson:** We would certainly take a stand against the establishment, no question about it.

**The Chairman:** For example, on public affairs, presumably you would deal with political matters, or would you?

**Mr. Anderson:** Well, yes.

**The Chairman:** You might report the Legislature in Manitoba?

**Mr. Anderson:** Or something like that.

**The Chairman:** Would you report as objectively as you could the position of the opposition?

**Mr. Anderson:** Oh, certainly.

**The Chairman:** What kind of music would you programme?

**Mr. Harris:** How does this apply to the freedom of the press? I don't understand why we are talking about a radio station in Winnipeg.

**The Chairman:** The answer to that is that the Committee's terms of reference, and that's all we have to work within, are the ownership and control, the impact and the influence of the mass media in Canada, and I think you would agree with me that radio in Winnipeg falls within the ambit of the Committee's jurisdiction.

Mr. Anderson is here as a representative of his newspaper and he is quoted as saying he would like to start an underground radio station. I would like to know what an underground radio station is; and then I would like to ask you another question about the reference to underground television. I think it's very relevant. I am sorry you don't agree.

**Mr. Harris:** I sort of think it's a matter of programming, not to present this theoretical underground radio station.

**Mr. Cain:** It's conjectural.

**Mr. Harris:** If you want to find out about it, listen to WBAI in New York.

**The Chairman:** Well, I am sorry but I don't know that station. I don't know where it is on the dial. Can you get that in Ottawa?

**Mr. Harris:** No, you can't.

**The Chairman:** Well, you are suggesting I should listen to a station I can't get. Perhaps you could tell us about it.



**Mr. Harris:** Well, if you are really interested in underground radio, there is a whole network in the United States.

**The Chairman:** Can you hear it in Ottawa?

**Mr. Harris:** No, it isn't. I am worried about wasting my time.

**The Chairman:** I am sorry but it is my intention to pursue this line of questioning. I hope you will stay. If you feel you are wasting your time, you are perfectly free to leave. I hope you don't. If you feel you are wasting your time, then I suggest that that's what you should do. I hope that you will stay.

**Mr. Harris:** Okay, I still think there are more important questions to be discussed.

**The Chairman:** Well, we are going to be adjourning in a few minutes for lunch. We are coming back this afternoon. I agree there are other questions to discuss and we will be coming on to this.

**Mr. Harris:** Okay.

**The Chairman:** Is that okay?

**Mr. Harris:** Yes.

**The Chairman:** Okay, thank you.

Now, I was asking Mr. Anderson what kind of music he would programme.

**Mr. Anderson:** We have done some talking about that and we have thought probably there would be rock music, classical music, but the subscribers would be given a list of all the music that would be played the following month. Each month the subscriber would get it. And so that he could tune in and hear what he wants to hear. As I say, it's all up in the air.

**The Chairman:** Well, as Mr. Harris points out, it is an academic consideration, but I think that it has considerable validity before the Committee and I would like perhaps to come from that to a question I have put to Mr. Wetzel.

I was going to ask you to comment on the newspapers in Toronto. I still can do that after lunch, but right now I would be interested in the comments you might make on the radio stations in Toronto. There are, I guess, six private stations and two CBC stations?

**Mr. Wetzel:** In Toronto, there is a person, Kim Calloway who has personally set up a subscription radio station. He was a former disk jockey on CHUM-FM. He is trying to get

the backing to set up a subscription radio station—in Ottawa...

**The Chairman:** You may not be able to answer this and I appreciate that if you can't, but the people who purchase *Harbinger*, presumably sometimes listen to radio in Toronto. Do they listen to radio, and what stations do they listen to, if they do?

**Mr. Wetzel:** CHUM-AM.

**The Chairman:** CHUM-AM?

**Mr. Wetzel:** And CKFH.

**The Chairman:** How about CHUM-FM?

**Mr. Wetzel:** CHUM-FM supposedly only has about 50,000 listeners. It is very small compared to CHUM-AM.

**Mr. Westley:** But of lot of people don't listen to the radio stations.

**The Chairman:** Mr. Westley?

**Mr. Westley:** But a lot of people don't you would like to see on a radio station.

**The Chairman:** Well, I think—the answer to that question might possibly be something which would be ultimately in the report which we hope to produce. I have some views.

**Mr. Cain:** We would not be able to have a dialogue going until views are passed around, in other words, till you answer questions like that, we will not be able to discuss what we are talking about. We are talking politicians' lingo and we are not getting anywhere.

**The Chairman:** Well, that's your judgment. I think we are. I think we are beginning to understand some of the things. Personally to me so far at least it's been valuable in terms of understanding you. I am sorry it hasn't been as helpful to you in understanding me. As far as the question that's been put to me by Mr. Wesley, I honestly don't know the answer to that. I listen to radio a lot, frankly, I listen mostly to CBC, but I listen to private stations as well. I listen to CKFH, to CHUM-AM, as apparently do the people who read the *Harbinger*. I listen to the St. Catherine radio stations, both of which come in Toronto. I have listened to the so-called underground radio network which my friend from Ottawa have been discussing.

**Mr. Harris:** If you want information, this is the place to do it. If you want to understand this, we should do something very informal, and if you want to understand, I really do



see how this information will say anything. If you want to find out anything about the freedom of the press, what we are up-tight about, we will give it to you, but I don't think anybody is going to understand me today.

**The Chairman:** Well, Mr. Harris, I am sorry that you feel inhibited.

**Mr. Cain:** Our limits are larger.

**The Chairman:** I am sorry that you find that. This is the hearing format that we have employed with all of the mass media.

**Mr. Wetzel:** Yes, but we are not part of that mass media. We are an alternative to that mass media.

**The Chairman:** You asked me a question. I will answer it. I read your papers, but in terms of the question which was put to me by Mr. Westley, which is how would I programme a radio station, I honestly don't know. The reason I put the question to Mr. Anderson is that he is quoted as having considered the establishment of an underground radio station. I did not put that question to Mr. Cain or to you Mr. Wetzel, because to the best of my knowledge it is not your intention to form an underground radio station, but I think Mr. Anderson has talked about it. I think it's perfectly valid.

**Mr. Westley:** I think everybody should form an underground radio station. I think that in the future you are going to see some radio men told that they aren't going to require a licence, and I think that is going to be a very useful way of putting across a lot of the ideas that are stamped upon by the establishment. You can't operate the bourgeois radio station or the bourgeois television station so we will have to do our own.

**The Chairman:** So, when you say, "bourgeois radio stations" do you include, presumably, all the private stations in Canada?

**Mr. Westley:** Well, I don't know. I can't listen to all the private stations in Canada.

**Mr. Harris:** There is not a radio station in Canada that is not bourgeois.

**The Chairman:** Do you include the CBC in that?

**Mr. Westley:** I don't know. I sort of like the CBC at times. They are cutting back on all their stuff because of the austerity thing, but I think it's pretty good, you know.

**The Chairman:** Mr. O'Hara?

**Mr. O'Hara:** I tend to agree with Dave that it's irrelevant to talk about the counter-media, only in terms of counter-newspapers, although that's probably the kind of media that we are most familiar with, but there are the other kinds of counter-media too. The necessity for counter-media is becoming more and more obvious, and the attempts at different kinds of counter-media are becoming more and more diversified, and I think that the power, for example, of a counter-radio station can be seen when we look at what happened in Czechoslovakia when Stalinists came in. Whole radio stations, you know, all the necessary translating equipment was taken underground and they would go ahead and translate for six hours, and then they would pack it up and then they would translate again, and they kept people informed of what was really happening and countered the propaganda for a long time that way. The same thing happened in France in May of '68 and I think that when we look at the kind of things, the influence that those things had, perhaps would put our increasing efforts here into some kind of perspective.

**The Chairman:** Mr. Harris was mentioning the station in New York, which is called...

**Mr. Harris:** WBAI.

**The Chairman:** What city is that in?

**Senator Kinnear:** It's hard to hear down here.

**The Chairman:** The station in New York is WBAI, and I was going to ask is that an FM station?

**Mr. Harris:** It is subscription supported. There is a whole network in the States of ten or twelve FM stations.

**The Chairman:** Well, I am sorry. I was handed a note and I am sorry I didn't hear your answer.

**Mr. Harris:** I was just saying that there is a network of FM subscription supported stations in the States that don't exist up here.

**The Chairman:** This is an FM station, is it?

**Mr. Harris:** Yes, it would be nice to have them here.

**The Chairman:** How many of these stations in that network are there?

**Mr. Harris:** I think there is ten or twelve.

**The Chairman:** Do you know who owns the network?

**Mr. Harris:** It is completely subscription.

**The Chairman:** Totally?

**Mr. Harris:** Yes.

**The Chairman:** It is in ten or twelve cities?

**Mr. Harris:** To my knowledge, yes.

**The Chairman:** What kind of music does it play? Rock?

**Mr. Harris:** I don't think it is limited to anything.

**The Chairman:** Well, there are many other things which I know we want to discuss, but I am now going to suggest that we adjourn for luncheon. The Committee will again meet the representatives of the underground press at 2.30. Thank you.

The Committee adjourned at 12.40 p.m.

The Committee resumed at 2.30 p.m.

**The Chairman:** Honourable Senators, if I may call the session to order. I think it is perhaps important to realize and again to underline something I said this morning, and perhaps it deserves repeated emphasis at this time and that is that we are really not here to study the underground press except as it relates to its role and function as part of the overall spectrum of Canadian mass media. We are interested certainly in the underground press but we are interested also in the role of the underground press in the overall media picture.

I think perhaps we will begin the questioning this afternoon with Mr. Hesler.

**Mr. Hesler:** Senator Davey, I have one very short question which will perhaps require a very long answer that I am going to direct to Mr. John Laxton. It is a point which we have discussed today and yesterday evening.

Mr. Laxton, I come from Montreal and I know that the sidewalks in Montreal are very crowded. We have a municipal bylaw there empowering the police to clear the sidewalks of people who are cluttering them up. By a strange coincidence, the only people in the past few years, who have been the object of this bylaw, have been the vendors of *Logos*. I am wondering whether the prosecutions which have just been maintained by the Quebec Superior Court on review—I am wondering whether these prosecutions were

designed to clear the sidewalks or to clear out *Logos*. I think I know the answer but I am going to ask you to relate your experiences with regard to the use and abuse of local municipal ordinances of this nature and then perhaps of the Federal Statutes such as the laws on obscenity.

**Mr. John Laxton:** Well, I think the authorities in Vancouver have been a little bit more subtle perhaps than the authorities in Quebec. In any event, they certainly have not been limited to using bylaw infractions as a method of attempting to suppress the *Georgia Straight*. Just about every law in the book, at one time or another, has been used to quieten the voice of the *Georgia Straight* and we have complained on a number of occasions in court and publicly about the abuse of the powers of various authorities in British Columbia.

**Mr. Hesler:** Has any of these complaints been successful?

**Mr. Laxton:** Yes. The tide turned recently; we were successful in having the *Georgia Straight* acquitted on three counts of obscenity and in the course of making our defence, we suggested that the laying of at least one of the charges constituted an abuse of the judicial process. One of the charges of obscenity that was laid as the result of a cartoon of a dog urinating against a fire hydrant; we went into court and said that there is no way under the laws of Canada that this could constitute obscenity. The judge agreed and dismissed the charge. We went on to say that the laying of such an obviously frivolous, vexatious, serious charge constituted an abuse of the power of the authorities laying the charge.

Now, our claim in that regard was not dealt with because the judge felt it was sufficient for him to dismiss the case on the merits but the judge did go on to say, and I quote his exact words: "That it was a mystery to him why the *Georgia Straight* is constantly singled out for prosecution." That was a remark by the judge as picked up by the local paper and I believe I have already mentioned that they expressed editorial comment favourable to the *Georgia Straight* and asking the same question that the judge had asked: "Why was the *Georgia Straight* being constantly singled out for prosecution."

The only response we got from the authorities—in this case it was the prosecutors' office—was their bringing of an appeal from the acquittal. The appeal is significant in that one of the grounds alleged by the Crown in the appeal was that the judge was biased against



the Crown; biased in favour of the *Georgia Straight*. This caused a great deal of laughter in legal circles in Vancouver for the obvious reason that it seemed inconceivable that any provincial court judge would be biased in favour of the *Georgia Straight*, especially due to the fact that it was the judge who three or four months previously had found the *Georgia Straight* guilty of a criminal libel and had fined them a rather heavy \$1,500; so the Crown appeared somewhat desperate in bringing this appeal.

The appeal came up for hearing and we were again successful. Again, we alleged that the Crown was abusing its process by firstly laying the stupid charges in the beginning which had no merit, and the Court agreed they had no merit; and secondly by now alleging an obviously frivolous and vexatious ground of bias, the bias being because the judge had said it was a mystery to him why the *Georgia Straight* was constantly being singled out and that in law, that could not constitute bias. That was not really in controversy and I am sure all lawyers here and all the lawyers in Vancouver, except those employed by the prosecutor's office, agreed that that could not constitute bias.

The appeal court judge found that it didn't constitute bias and said that there was absolutely no grounds for the Crown bringing this charge whatsoever. Now, the appeal court judge had dismissed the case on the merits; he said there was no obscenity but left the whole question of abuse of process open.

In other words, the *Georgia Straight* is in this position that if the Crown lays any more frivolous charges then we can continue to press our arguments on the abuse of the process and we hope next time it will be successful; if that happens then I think we have made a very important step forward in establishing civil rights in the Province of British Columbia.

I think perhaps the case is of importance, not only in the Province because it is an application of the law under the Criminal Code. It is applicable to the whole country. In our brief which I think has not been circulated, I would like to refer more specifically to the charges that we make.

**The Chairman:** Have you got a copy of that brief?

**Mr. Laxton:** Yes.

**Mr. Hesler:** Mr. Laxton, before you go on, here is one thing that I wanted to emphasize

in my question so at least at this particular juncture, we can confine remarks to one specific point. What I am interested in is not the number of charges that were enumerated against the paper—in other words, how much trouble you have had with the law in Vancouver, but more specifically concrete instances of the use of laws, whether they be municipal or federal for purposes for which they were not designed. In other words, the use of obscenity laws not to stamp out obscenity but to stamp out a newspaper.

**Mr. Laxton:** Yes, I appreciate your point.

**Mr. Hesler:** Have you ever in your experience with this problem, encountered a definite statement or admission on the part of the authorities in Vancouver that this was their intention?

**Mr. Laxton:** Well, I wouldn't say that we have ever had an admission—certainly not from the prosecutor's office or from any person in that area of the administration of law. The mayor of Vancouver has from time to time made some very undiplomatic statements from his point of view.

**Mr. Hesler:** What has he said?

**Mr. Laxton:** Well, he has said that he is going to put the *Georgia Straight* out of business no matter what, and he stated under oath, and I believe we have somewhere a transcript of his statement, and he went on television some time and he has been in the newspapers every day making the same kind of statements. The effect of these statements was that he was searching every avenue for a way to put the *Georgia Straight* out of business. This was before any obscenity charges had even been laid and Mayor Campbell decided that the paper was filthy and he was going to see to it that it was put out of business.

However, he would not, at that time bring any charges of obscenity which could be tested in the Criminal Court because there was literally nothing in the paper that could constitute obscenity at criminal law, so he was really at a dead end in that regard. He couldn't even get the prosecutor's staff to go along with the laying of even a frivolous charge in those days.

Consequently, he made a statement to the press saying that perhaps he thought he could find a bylaw and charge them under that. As the Mayor he could sit as the Magistrate and judge the case. He actually went on television and admitted that he considered laying



charges and then sitting as the judge in the case. The Chief City Prosecutor advised him that such a procedure would not be very wise on his part and he was discouraged from doing that.

The paper has in fact been involved in a Supreme Court lawsuit in which the Mayor was named as a defendant. The lawsuit was partially successful to the *Georgia Straight* in that the Court declared the actions of the Licensing Inspector, who was operating under the instructions of the Mayor, as completely illegal in suspending the *Georgia Straight's* business licence. The judge found that as a result of the illegal action of these civic officials the *Georgia Straight's* circulation had been severely curtailed and that it had lost a considerable amount of money. But the Court went on to find that even though a civic official had acted illegally, and even though his illegal act caused considerable financial loss to the paper, the paper could not recover that damage against the official on the ground that an official is protected if he is acting in good faith and honestly. We couldn't say that he wasn't prosecuting the *Georgia Straight* in good faith and honestly. We couldn't prove that. We were left without a remedy even though we had proved that the civic authority had acted illegally.

If you just glance at page 2 and 3 of our brief you can see the way in which we say the law has been applied unfairly against the *Georgia Straight*. We are not merely documenting the number of cases, we are attempting to point out the subtle way in which the law has been manipulated against the *Georgia Straight* in a discriminatory fashion. We say, if I could just read the bottom paragraph...

**The Chairman:** Fine.

**Mr. Laxton:**

"The *Georgia Straight* has been subjected to constant severe economic and 'legal' harassment. The 'legal' harassment has been initiated by the police, prosecutors, and civic officials and has taken the following forms:

The laying of so many charges that one Provincial Court Judge was recently prompted to remark, 'that it was a mystery to him why the *Georgia Straight* is constantly singled out for prosecution'."

You will see in Appendix "A" that we have set up the whole of the chronology of the harassment of the *Georgia Straight*.

"(2) The laying of obscure or unusual charges such as 'criminal libel' and 'counselling the growing of marijuana'."

Now, until the *Georgia Straight* had been charged with criminal libel eighteen months ago, there had only been four cases of criminal libel in the history of Canada that were reported and were of any significance. The last charge was in 1938 when the Social Credit Party published a pamphlet against the bankers of Calgary calling them "creepy, crawly things, toads, snails, which should be exterminated." They were charged with criminal libel and they were convicted. That was the last major case of criminal libel.

"Counselling the growing of marijuana" was another case that was an extremely odd case because accounts of how to grow marijuana had appeared in almost every magazine—not every magazine but almost every magazine. *Time Magazine*, *Maclean's Magazine* had stories on how to grow marijuana. The *Georgia Straight* had a story on how to grow marijuana—which incidentally I don't think would work in British Columbia because of the climatic conditions—but there was a story. It wasn't clear whether it was genuine advice, that is if you followed it whether you would actually produce the marijuana plant but for publishing the statement as to how marijuana was grown they were charged with the obscure offence of counselling the growing of marijuana and were convicted and fined \$2,000 plus legal fees.

"(3) The laying of charges out of minor and insignificant statements tucked away in the less obvious parts of the paper."

For example, one of the obscenity charges concerned a two-line advertisement that was hidden away in the personal column at the back of the paper and the personal column of the *Georgia Straight* as you can see is in very small print and it has hundreds and hundreds of personal advertisements. That was a charge which also was dismissed but it is obvious that somebody is sitting down and reading every part of the *Georgia Straight*. There must be some civic official who spends all of his time scrutinizing the *Georgia Straight* from cover to cover or else he wouldn't find these little offences tucked away.

"(4) Constant use of the 'arrest procedure' rather than 'summons procedure'—although the *Georgia Straight* has never failed to appear in court and always

retains the same legal counsel who is well known to prosecutors and police alike as the *Georgia Straight* Counsel."

In other words, the Crown if they wanted to lay these charges could use the summons procedure—you know, the blue paper in the mail or delivered and turn up in court one week later. Every time the police come and make an arrest there is a hassle; sometimes it is at an inconvenient hour in the night and the people have to go down to jail and they have to post bail and it is the same procedure over and over again even though when we come to Court we often make many admissions that help the Crown prove its case because we have always taken the view that we want to defend on the merits of the case rather than on legal technicalities. We have to be hassled this way every time.

"(5) Frequent seizure of large quantities of papers often illegally and frequent searches of *Georgia Straight* premises and staff members.

(6) Use of the indictment procedure in obscenity cases resulting in fines, possible gaol sentences and criminal record rather than procedure under section 150A of the Criminal Code which allows merely for determination by the courts of the question of obscenity with confiscation the only result without other sanction or penalty."

Now, all of the leading cases in Canada on obscenity, in all of those cases the procedure has been followed where the court has been merely asked to determine whether the word, the book, or what have you was obscene but with the *Georgia Straight* they lay a charge which results with Dan McLeod having a long record with fines and so on, so that there is a special procedure being used for the *Georgia Straight* unlike anybody else who is charged with the same offence.

"(7) The frequent use of 'breach of the peace' charges against *Georgia Straight* reporters if they attend public functions or incidents to report them."

A number of those charges have been laid and some of them have been acquitted and it usually happens when a policeman is attending a meeting and a *Georgia Straight* reporter is there and when the policeman asks the *Georgia Straight* reporter to move on and he says "I am here on behalf of the *Georgia Straight* covering a story and I would like to stay here with the other press" and the

policeman promptly arrests him for refusing to leave the scene and the charge that they use is breach of the peace.

"(8) By police and prosecutor threats of prosecution against the *Straight's* printers if they did not cease printing the newspaper."

"(9) By civic authorities suspending business license (Vancouver) or refusing to grant a business license (other Municipalities in British Columbia.)".

So far every municipality in the Province has refused to grant a business licence to the *Georgia Straight*.

"(10) By civic authorities having the police arrest and, seize papers of, street vendors for alleged breaches of by-laws. Most of which cases were dropped without prosecution."

In Appendix "A" you will notice we have given specific instances of vendors being arrested, their papers seized, being sentenced to jail and sometimes being held there for days at a time and then either no charge has been laid or the charge has been dropped. The reason the charge is not laid or dropped is because the by-laws under which the police purported to act were never intended for that purpose and when it became clear that they couldn't be used for that purpose, the charges were dropped but not until after someone had spent several days in jail.

Now, we point out a complete résumé of our legal troubles which is set out in the Appendix and I hope the Committee would do us the courtesy of studying that Appendix because I think it says a lot for the way the criminal law is being administered in this country and certainly they are not being administered fairly.

**Mr. Hesler:** May I interrupt on one point. While we are discussing the little usage of accusations, I understand that one of the experiences of a *Logos* in Montreal has been to be accused of the crime of spreading false news which in itself is rather an unusual accusation and one which has been invoked extremely rarely. I would ask you to comment on that accusation. Have you ever been threatened with proceedings under that?

**Mr. Laxton:** No, we haven't seen that one yet and I would like you not to speak too loudly because they might get wind of it, but if such a charge was laid then I would think that there isn't a paper in this country that



couldn't be found guilty at some time or other of publishing false news. If that is the latest trend, I am sure it will become fashionable in Vancouver in the very near future. So far it hasn't hit us.

**Mr. Hesler:** In the course of these experiences with the use or the misuse of various laws, have you found that it was the law that was at fault or the people who administered the law?

**Mr. Laxton:** Well, our complaint is twofold. Firstly we say that the laws themselves are bad and when I say the laws, I am really referring to the criminal libel laws which are completely anachronistic.

In the United States they have declared criminal libel unconstitutional. In Britain it is almost unheard of and it is only in Canada that we preserve this old-fashion remedy which arose at the time of the Star Chambers in England as an alternative to the breaches of peace that were being created by duelling. The government at the time thought that if people could find relief in the court, they wouldn't duel as much and that was the basis for the criminal libel laws. Duelling doesn't seem to be much of a phenomenon today in Canada except in the House of Commons, but certainly we don't see much of it in Vancouver.

**Mr. Hesler:** Perhaps when you say that the use of criminal libel laws is limited you are referring to cases that have been reported. It may be very difficult to determine how many actual cases of criminal libel are made in various parts of Canada in the course of one year.

On page 6 of your brief in the very last paragraph you say:

"If a person's reputation is damaged then the remedy of an action for civil libel should be sufficient."

Now, you have just complained that the use of criminal libel brought against you had caused you a great deal of legal expense; that this in itself is a severe penalty. Isn't it true that for instance if you were to publish a damaging statement about myself in your client's publication and if you were suggesting that I exercise my recourse before the Civil Court aren't you also suggesting that in order to protect myself, in order to recover my damages, I would have to go to a great deal of legal expense as well? The penal accusation in a sense is free to me in order to

protect myself but to take a newspaper to court if I am a private citizen is...

**Mr. Laxton:** Well, if you are successful, Mr. Hesler—I know you are asking me to give the answer but you already know. If you were successful in a civil lawsuit you will win damages and you will win costs so it won't cost you anything and you may make a profit out of the loss of your reputation if you had any to lose.

**Mr. Hesler:** Well, another question on the same point. Given the amount of damages which people can recover in this country for libel and given the natural resources of a successful newspaper, is this recourse really sufficient to protect the individual. Would a \$10,000 condemnation against your newspaper really protect me from a second attack and isn't the most effective means a criminal charge?

**Mr. Laxton:** Well, I don't think so and neither does the Supreme Court of the United States, nor does the Privy Council in Britain, nor the House of Lords in Britain and I think that your civil remedy is completely adequate. If we libelled you a second time and you could come against us the second time for even more damages but it remains a private dispute between you and the *Georgia Straight* or whoever it is who is attacking your reputation. We need not involve the state; we need not involve criminal sanctions. It is essentially a private dispute between two people.

**Mr. Hesler:** When you speak of libel dispute between two people do you make any distinction between the person who is libelled in his capacity as a public servant such as a magistrate or police officer or mayor and the person who is libelled but has no official capacity. Don't you think the latter person the private individual should have some guarantee of protection that perhaps the person in the public limelight does not require?

**Mr. Laxton:** Well, I don't see that there need be any distinction in the law between statements made against a public person as opposed to private persons. The *Georgia Straight*, when it was convicted of criminal libel, was convicted because of remarks made about a judge. I think that the right to speak out against public officials is even more important a right to protect than the right to speak out against private individuals.

**Mr. Hesler:** That's what I was asking, yes.



**Mr. Laxton:** You see it is the institutions of government that have to be curtailed and the only method of curtailment in a democracy is by the use of freedom of speech and by having a truly courageous free press. The Supreme Court in the United States recently declared criminal libel unconstitutional; the case involved Garrison who was the attorney in New Orleans who attempted to prosecute various people for the Kennedy conspiracy which he alleged. Garrison had said that the judges in Louisiana were associated with the *Mafia* and were thugs and were making a racket out of various things; this is a much stronger statement than has ever been made in this country about anybody. Yet the Supreme Court of the United States said, and I am quoting from the judgment:

"Debate on public issues should be uninhibited, robust and wide-open and may well include vehement, caustic and sometimes unpleasantly sharp attacks on the government and public officials."

The Privy Council in England has said insofar as attacks on judges are concerned—and I quote again—this is a case in 1899,—it is not a new doctrine in Britain where the traditions of democracy run very deep, and they say:

"Courts are satisfied to leave to public opinion attacks or comments derogatory or scandalous to them."

The courts in Britain have discouraged the use of either contempt proceedings or criminal libel proceedings for statements made against judges.

Now, if I may digress for one second and just refer to the article that was written about this judge and make a few comments about that—I think perhaps you will understand this particular offence in true perspective. I would like to point out something that is very significant. The statement that was made against this judge was contained in the information which charged the individual involved. The Vancouver newspapers, both the *Province* and the *Sun* with a circulation between them of over 300,000, printed the information which contained the whole of the libel and yet for circulating the same libel, perhaps to 300,000 readers, no charges could be laid. Whereas the *Georgia Straight* for circulating this same libel to approximately 20,000 readers was fined \$1,500. I will read you a part of it. It is by Bob Cummings and is entitled: *The Straight Awards O.A.F. (O.A.F. award stands for Order of Abundant Flatulence.)*

The awards will be bestowed in several categories so as to properly recognize each facet of distinguished ineptitude. Each division will bear the name of an outstanding historical personage whose deeds, words and reputation have besmirched his chosen field. In this way the mistakes of today will be a living memorial to the blunders of history. No lesser honour could any man bear.

The selection of the award winners in this founding year was extremely difficult due to the uncommon fertility of idiocy in the city. Many who deserved recognition had to be passed over in favour of those of truly outstanding merit.

The Selections Committee makes no apologies and commands to your attention the 1968 recipient of the Order of the Abundant Flatulence, Magistrate Lawrence Eckhardt—the Pontius Pilate Certificate Of Justice, (unfairly maligned by critics, Pilate upheld the highest traditions of a judge by placing law and order above human considerations and by helping to clear the streets of Jerusalem of degenerate non-conformists.)"

The citation reads;

"To Lawrence Eckhardt, who by closing his mind to justice, his eyes to fairness, and his ears to equality, has encouraged the belief that the law is not only blind but also deaf, dumb and stupid. LET HISTORY JUDGE YOUR ACTIONS—then appeal."

Now, if I can just briefly tell you what that award arose out of. It concerned a decision by this Magistrate that certain people who were standing in front of the Court House fountain, which is a new minor memorial built by the wonderful Social Credit Government in British Columbia—were guilty of transgressing a regulation under the Public Works Act, that clearly did not have the purpose in mind of removing people from looking at a public monument. The judge in his judgment had said that the law is stupid and absurd because it means that anybody, even a tourist who stands looking at the fountain would be charged with this offence—therefore he said he was going to convict these people only because some of them have unusual forms of dress. He actually made it quite clear in his judgment and made no apologies for it that he was applying this particular law in a discriminatory fashion.

Now, for that he received this award and for giving him the award, the *Georgia Straight* received a conviction. Now, since that time—and we are not concerned really about this judge except insofar as this example of abuse of process is of some interest to you. This same judge has given four times the maximum for a vagrancy offence. A Hungarian immigrant received two years for being a vagrant even though the maximum was 6 months and when it was pointed out to him that he could only give 6 months he “regretfully” as he said changed it to 6 months.

We had printed the whole of the transcript of that proceeding and if you read it you will see that at no time did this Hungarian immigrant, who did not understand the language—at no time did he ever plead innocent or guilty because he was never given a chance. He was merely asked if he was ready to proceed and he said no because his witness was sick in the hospital; and the judge said “Well I am not going to give you any more adjournments” and went on to convict him even though he hadn’t even pleaded guilty.

**Mr. Hesler:** But, Mr. Laxton, surely there are many more points...

**Mr. Laxton:** Well, may I just finish the point. I realize I am belabouring it but the point that we are making is surely there has to be uninhibited robust criticism of that kind of judicial incompetence and the authorities should not use the laws to repress fair and honest criticism of our institutions where criticism is obviously well placed.

It is clear that the newspapers in Vancouver are not adopting the role of being the guardian of the rights of people and when the *Georgia Straight* attempted to do it, it was severely repressed by this charge. That is really why the *Georgia Straight* came to these hearings—because it felt that there should be another forum besides the courts in Vancouver for expressing this point of view that the laws are being applied unfairly and in a discriminatory fashion. We would like this Committee to make some recommendations in that regard so that perhaps other authorities in this country would listen to the wisdom and authority of this Committee in the way the laws are being applied. That is our earnest request that in the Committee’s report you make some reference to the fact that the law is being applied unfairly and in a discriminatory fashion and calling upon the authorities to exercise caution and fairness.

**Mr. Hesler:** In the context of that position which you have set forth in a well-illustrated manner, I would like to clarify this one point. If you deny the right of the state to exercise controls over a publication such as the *Georgia Straight*, do you advocate that the publication itself exercise control over its own activities or should collectively the underground press institute some form of control over what it does? When I ask this, I am asking the question when you say uninhibited do you mean completely uninhibited or are there some limits to what you would like to be able to do?

**Mr. Laxton:** Well, this raises another problem which I think you are alluding to and that is the whole question of censorship generally. It is our view that censorship does not serve a good purpose but on the contrary helps to stifle what otherwise might be good influences. Surely the *Georgia Straight* as with all the other underground newspapers—they exercise a certain degree of self-censorship. I think this will continue even if censorship was completely outlawed, even if the obscenity laws were taken off the books, and even if the criminal libel laws were taken off the books. I think the *Georgia Straight* and other responsible underground papers would still exercise some self-censorship but there is no need for penal sanctions. These matters could be left to individual responsibility.

**The Chairman:** Could you describe this self-censorship? How does it work—by the editor himself?

**Mr. Laxton:** Well, it depends on each paper I would think.

**The Chairman:** Well, let us talk about the *Georgia Straight*.

**Mr. Laxton:** Well, maybe you should ask Dan McLeod.

**The Chairman:** Mr. McLeod, how does this self-censorship work?

**Mr. Dan McLeod:** Do you mean do we think that there are certain things that we should censor?

**The Chairman:** Well, Mr. Laxton says you do. He says that there is a process of self-censorship at the *Georgia Straight*.

**Mr. McLeod:** Yes.

**The Chairman:** How does that work? What things do you censor?



**Mr. Dan McLeod:** Well, specifically, things that we have been prosecuted for. Material on sex for example. In the courts we have been prosecuted for material on sex and marijuana.

**The Chairman:** Well, let me put a question to Mr. Laxton. You say at page 6, as I read your recommendations, you say that the Criminal Code should be amended by the complete repeal of the obscenity provisions.

**Mr. Laxton:** Right.

**The Chairman:** Assuming that that repeal took place, would there be any self-censorship in this area?

**Mr. Laxton:** Yes I think so. I point out somewhere in the brief that I think that censorship, self-imposed censorship is likely to continue for a long time because censorship has to do with etiquette, what is nice and what is not nice—in the sense that I think people will probably for a long time to come still lock the bathroom door when they go in. I think that women on buses will cross their legs rather than expose themselves. I think that people left to their own devices will not necessarily—will rarely act in an obscene fashion.

What we are saying is that if you leave the people alone they will behave responsibly and decently towards each other with some understanding and some sympathy towards other people's position.

We all live very close together, we all have to get along and most of the rules of behaviour that have been devised, are rules that have been devised to help people get along with each other. I think that these same rules can apply in the newspaper business and they will apply because people will prefer to lock doors to bathrooms rather than to do it in the street.

In the same way, the *Georgia Straight* will prefer not to be unduly obscene if it doesn't make a point rather than to expose themselves to the street if you like.

**Mr. Dan McLeod:** If we were to go around calling names all over the place it would damage our own credibility to our readers. We would have to act in some kind of a responsible fashion.

**Mr. Hesler:** This is a point Mr. McLeod that I would like to explore a little bit. Professor Anderson will correct me if I am being inaccurate but he has been quoted as saying—this

is a quote from the *Ottawa Citizen* in December—that the underground papers have to be obscene in an attempt to shock but they have lost their impact as a result. I would like your reaction to that because I think that is perhaps what you have just said. Isn't it true that in order to communicate, you have to be a little bit more subtle than total uninhibitedness will allow you to be?

**Mr. McLeod:** Yes. The papers that shock are obvious. They are on every news stand in the country and they aren't suppressed at all. You know, once in a while there is a charge against them but they are in every grocery store.

**The Chairman:** It isn't the underground press?

**Mr. McLeod:** Not the underground press.

**Mr. Hesler:** Could you give us your views on exactly that kind of press. What do you think for example of a publication such as *Midnight*? What category would you put that into? Is that the underground press?

**Mr. McLeod:** No. It is another enterprise, capitalistic enterprise. I don't think it is truly interested in sexual liberation.

**Mr. Harris:** What does it believe in? There are many things. I wouldn't suppress their freedom to publish.

**The Chairman:** Mr. Harris asked you, if I heard him correctly, how does that differ from your paper?

**Mr. Harris:** Yes. You seem to be putting down *Midnight* because it is capitalist. Well, aren't we all capitalistic?

**Mr. McLeod:** Well, they are also violent and violence and sex go hand in hand. I am not putting them down to say like they should be suppressed or anything. I don't think they are in the same category as the underground press.

**Mr. O'Hara:** The dichotomy between what gets prosecuted and what doesn't—you don't even have to go to something as obvious as *Midnight* or *News of the World* or what have you. You look at a good centrefold in *Time* and *Life Magazine* and look at some of the ads for various deodorants and then at the definition of what obscenity is, which is dealt with in the terms of the exploitation of sex, and the definition is very, very clear in what sense that exploitation is being made. The contrast is very obvious I would think.



**Mr. Hesler:** Are you able to say that there is no element at all of exploitation into reporting, study or writing of sex in your publication?

**Mr. McLeod:** No.

**Mr. Laxton:** No, not at all. That has been decided by the Court of Appeal just recently insofar as the *Georgia Straight* is concerned. Both the Trial Court judge and the Appeal Court judge said quite categorically that looked at as a whole there was no exploitation of sex in the *Georgia Straight*.

**The Chairman:** I wonder if Professor Anderson would care to comment on the statement you have just read. I don't think he has it in front of him.

**Professor Anderson:** Well, I don't think it was an entirely accurate statement although I do remember saying something vaguely like it. I think the reporter asked me something about obscenity and whether it was crucial to the underground press and I remember saying that I think it was used at first as the most vivid sort of protest that the burgeoning young papers in the United States could use for the big shock value. I think certainly none of the Underground Presses are obscene. As a matter of fact, I don't know the opposite of obscenity but I think the underground press is at the opposite end. Obscenity to me is a word that could be attached more readily to *Midnight*, *Flash* and *Kiss* and so on. Certainly not to the underground press. They have a very strong sense as to what is obscene and what isn't obscene.

**The Chairman:** Mr. Laxton, by your definition are those papers obscene?

**Mr. Laxton:** Well, my definition—I don't think there is any doubt that the vast majority of these papers exploit sex for commercial reasons such as the one that has been mentioned, and are in danger if they were prosecuted of being convicted under our present laws.

**The Chairman:** And yet, they are never prosecuted?

**Mr. Laxton:** They are never prosecuted.

**The Chairman:** Are they at all do you know?

**Mr. Laxton:** Well, when we say never—I mean very occasionally. There seems to be a token gesture towards these other magazines.

Now, in the last trial we had, we called a professor from the U.B.C. department who had made a survey in a middle-class area near the University of all the family stores, drugstores, grocery stores and the like and he came into court absolutely loaded down with a selection of magazines and books that were on sale in all of these family stores. We put all of these books in evidence and we asked the professor to tell us what was in them, because we didn't have time to read them. He explained what was in them and these books contained every form of sexual act, normal and abnormal, graphically described, page after page.

We introduced evidence to show that many of these books were on the best seller list—you know, it is no longer the case that you go down to the dirty bookstore by the station. These books are on sale everywhere and they are on sale in great quantities. Our point was not just because these hadn't been prosecuted, therefore the *Georgia Straight* shouldn't be prosecuted, because that isn't a legal argument. It is an argument we can make to you as a political committee and we do make that argument, but we made the argument on the ground that one of the definitions of obscenity is that it must not fall below the community standard.

We brought all these books into court and we said this is the community standard. This is what people are reading, this is what people are accepting and the judge almost fell out of his chair when he heard what was going on. The court eventually had to accept and did accept the argument and the reasons for judgment contained the statement that the community standard in British Columbia, at any rate, certainly embraces the kind of reference to sex that is contained in the *Georgia Straight*. I think he went on to say that compared with the other pornographic trash that is on sale everywhere, the *Georgia Straight* was a very mild version indeed. We complained that all of this other stuff was on sale and yet there were no prosecutions or at least there were only token prosecutions.

**The Chairman:** You talk about harassment who is behind this harassment of the *Georgia Straight*?

**Mr. Laxton:** Well, I wish we knew.

**The Chairman:** I am sure you know your comments here are privileged. Are you suggesting—well, you obviously are suggesting that there is...

**Mr. Laxton:** Senator, we wouldn't like to use that privilege unless we could justify our charges in open court. We don't believe in hiding behind a privilege to smear someone's reputation. It is very difficult to say who prompts these prosecutions but I suppose to make the most innocent statement of all we could say that there is a general prejudice in society and that crystallizes in certain people who have power. I think that the prosecutors in Vancouver have played a role, the Mayor obviously has played a role and got elected on it and bragged after he won the second election that the reason he won was because of his victimization and persecution of the *Georgia Straight*.

**The Chairman:** Two comments on that. Number one, do you believe that—did that help him get elected?

**Mr. Laxton:** I think it did.

**The Chairman:** Number two, is there a greater degree of prejudice in Vancouver than say Toronto or Montreal. I know Harbinger has problems but certainly nothing like those that you have had?

**Mr. Laxton:** Well, we have a Social Credit government in British Columbia which has a religious background which perhaps the government in power in Ontario does not have. I am not sure. I think probably that we are as enlightened on the West Coast as they are anywhere in Ontario but the people with the power are perhaps a little less enlightened.

**The Chairman:** Mr. Harris?

**Mr. Harris:** Just a point on your question of who is behind the harassment of papers. In commenting on the harassment of *Octopus* here in Ottawa, about a year and a half ago the head of the legal department for the City of Ottawa, Mr. Donald Hambling said on television that certain people in the community thought that *Octopus* was either seditious or obscene but these charges were not valid in the court. It was then taken upon them to harass *Octopus* on a different level. Now, presumably using the City's Legal Department or that purpose...

**The Chairman:** Has the *Octopus* experienced the same degree of harassment as the *Georgia Straight*?

**Mr. Harris:** Not to the same degree. We haven't used obscenity—well, we haven't used any obscene things. When it came to selling

on the streets, we ran into the same type of harassment.

**The Chairman:** Have you abandoned selling on the streets now?

**Mr. Harris:** No, we won our case.

**The Chairman:** You won your case?

**Mr. Harris:** Yes.

**The Chairman:** That is what I thought. You are now able to sell on the streets and do?

**Mr. Harris:** Yes.

**The Chairman:** Has there been any further harassment since that time?

**Mr. Harris:** Not official. Not carried through to the courts. There is a very low keyed harassment...

**The Chairman:** What do you mean? For example, can you give us a couple of instances?

**Mr. Harris:** The same kind of harassment that went on before we won our court case is carried on by the police officers attempting to arrest a vendor but the vendors usually have the presence of mind to explain to the police officer just what the law is.

**The Chairman:** Mr. O'Hara?

**Mr. O'Hara:** In Kingston, for a while in the summer while a lot of the people were on the streets with the paper, occasionally the police would come up and say that we couldn't sell the paper. We would say "yes, but the Ontario law says that we can" and the policeman would say "Oh," and go away. One or two said that they would check this back with the station and said they would let us know but we never did hear from them.

Apparently they don't understand the law very well that selling newspapers on the street in Ontario is in fact legal by a Provincial Statute. So nothing really can be done about it. The City for example is not required or is not empowered to require a vendor's licence. Two people who were selling our paper in Kingston were arrested or summoned, I should say to be more correct, under a City by-law against soliciting, which was originally a by-law that was drawn up and aimed against prostitution. Now, that case is still before the court and will be coming up before the end of this week. We don't know what will happen but we rather think we will win the case. But the point is



that the law was very clearly stated and the lawyer involved looked up the debates in council and the by-law suggests very clearly that it referred to soliciting on the street and this was used against people selling the newspaper.

**The Chairman:** Do you have this problem in Oakville at all?

**Mr. Stevens:** No. Compared with other papers, ours is a very low keyed one. We haven't gone into attacking public organizations until very recently. The tendency has been to rather than apply positive pressure to use more or less negative—you know, sort of ignore it, don't talk about it and maybe it will fold up and go away.

**The Chairman:** How about Sudbury? Has this been a problem?

**Mr. Johnson:** No. When I checked the city by-laws on the subject I was told I would need either a vendor's permit or business licence if I could be allowed to do it. Although the police have never questioned me on the subject and even before I got a licence, they never stopped anyone selling on the street.

**Mr. Hesler:** You do have a licence?

**Mr. Johnson:** I do now, yes.

**The Chairman:** How about in Toronto, Mr. Wetzel. Have you had problems of this kind?

**Mr. Wetzel:** We don't have a licence. The only problem we have is the occasional police officer taking papers from the vendor or else telling the vendor that he has to move on—he can't just stand there selling newspapers. We did have the vendors in the City Hall Square all summer long. Originally the policemen had said that we couldn't solicit business or couldn't conduct business on the Square but when we checked into the by-laws, the by-law said, "except the sale of newspapers". We told the police this and we went down there, a bunch of us selling newspapers, and told them if they wanted to arrest us they could but we were not going to leave and they never arrested us. Since that time they haven't bothered us.

**The Chairman:** And you continued to sell there?

**Mr. Wetzel:** Yes.

**Mr. Hesler:** Have you not had any difficulty with regards to obscenity charges?

**Mr. Wetzel:** Yes. We just got convicted on an obscenity charge. We were just fined \$500.

**The Chairman:** That was just last week wasn't it?

**Mr. Wetzel:** Yes sir.

**Mr. Hesler:** Have you ever been the object—I am not speaking here of your people on the streets but have your offices or the places from which you operate—have they ever been the object of visits from the authorities?

**Mr. Wetzel:** Only twice.

**Mr. Hesler:** Could you explain the manner in which these visits were carried out?

**Mr. Wetzel:** Well, once they were looking for runaways.

**Mr. Hesler:** Runaways?

**Mr. Wetzel:** Yes. They really didn't do much but come in and look around. The second time was when they raided our office on Spadina and seized obscene papers. They had a search warrant which said "search the residence of 393 Spadina" even though the residence was upstairs and the business part was downstairs. They wouldn't let us use the phone—Larry jumped on the phone to call our lawyer and before he could get on the phone—when Larry objected, they told him he had better shut up or they were going to do him in.

**The Chairman:** They were going to what?

**Mr. Wetzel:** They were going to do him in which the police always do when they raid you.

**Mr. Hesler:** Did they seize anything?

**Mr. Wetzel:** Pardon?

**Mr. Hesler:** Did they seize anything?

**Mr. Wetzel:** Well, all they seized was about 500 copies of *Harbinger*—the one issue that they were objecting to—that one I just passed around—that drawing was the one they convicted us on. We put a little heart over the baby that was being born and there was a slogan on the top which was inside the paper. That is what they convicted us on.

They refused to give us time to pay even though "Vixen" which is being shown at Cinema 2000—when they arrested the manager of that, they gave him the week-end to raise the \$100 bail and yet they refused to



give us time to raise \$1500. They just locked us up and threw us in jail. I think there is suppression going on.

**The Chairman:** Did you have a lawyer?

**Mr. Wetzel:** Oh, yes we had two lawyers.

**Mr. Hesler:** Have you ever encountered any acts of violence on the part of the authorities?

**Mr. Wetzel:** Well, lots of times they will give us parking tickets when we are delivering our papers—they will tear our car apart at 1:00 o'clock in the afternoon when we are going to pick up ordinary paper from Gestetner—you know, out in the middle of Don Mills at 1:00 o'clock in the afternoon they will stop our car and just tear the car apart. That happens quite often.

**The Chairman:** Does anybody wish to add anything on this point. I don't want to terminate this part of the discussion if there are other questions on this whole area?

**Mr. Hesler:** No, Mr. Chairman, I don't have anything else.

**The Chairman:** Mr. Johnson?

**Mr. Johnson:** I had an apartment on the main street of town which I allowed to be used by anyone who had no place to go or needed a place to spend the night and there was always people there. There was usually a dozen or more people. One night the police came to the place and they did have a search warrant—they found nothing there but shortly afterwards they went to the landlord and told them that I was using the place for trafficking and as a result I was evicted from there.

**The Chairman:** Mr. Laxton?

**Mr. Laxton:** I am wondering on this question of obscenity—we have asked you to make a recommendation...

**The Chairman:** Yes.

**Mr. Laxton:** That the law should be repealed and I wonder if we could just refer you to pages 7 and 8 of our brief where we attempt to deal very quickly with this question.

What happens if you do not have censorship, you do not have a sense of value. Is society harmed by the publication of obscenities, because presumably the basis for the continuous use of these laws is that if we don't have them society will be harmed. We

would like to make these points which is at the bottom of page 7:

"...We maintain that the 'prophylactic value' of censorship is not proved.

We do not accept that there is any evidence that obscenity is harmful to the public. One may recall the words of the draftsman of the British 'Obscene Publications Act' who said no one was ever corrupted by four letter words—because if that were so the British Army would be corrupted beyond all hope of redemption. The value of censorship is certainly doubtful. The connection between what a person sees or reads and what he does as a result, is obscure to say the least. Indeed, perhaps the proof is all the other way. Prohibition tends to give importance and publicity to the pornographers. Rather than act as a preventative it enhances the delight in the thing prohibited. But perhaps the most damaging evidence against the argument is to be found in the record of the censors themselves. There is no suggestion for example that censors enjoying a daily diet of uncensored books ever become corrupt-ed."

**The Chairman:** Does anyone else have anything to say before we move on to other areas?

**Senator McElman:** I would like to go back to the comment that was made by Mr. Laxton regarding the case of the convicted Hungarian immigrant. You spoke of earlier adjournments. How many had there been and for what reasons?

**Mr. Laxton:** Well, we have the whole record and it doesn't indicate—I will just read you the beginning.

"This was, Your Worship adjourned from Friday."

There appears to have been one previous adjournment.

**Senator McElman:** I understood from your comments that there had been several.

**Mr. Laxton:** When I read it through at first glance I thought there had been several but since you have put that direct question to me, it appears that there had only been one. We would like to emphasize that we don't want anyone to make an issue of this. We made statements about this particular judge and this is over. We are certainly not wanting to

single out any member of the judiciary but what we would like to establish is the right to criticize unfairness if you like, or incompetence wherever it is found, even at the highest level and that includes the judiciary as well as the government. That is all we are asking, to be given the right to make fair criticisms.

**The Chairman:** Does anyone else have anything on this point?

**Mr. Spears:** What about unfair criticism?

**Mr. Laxton:** Well, we never deal with that.

**Mr. Spears:** Is it possible to define that?

**Mr. Laxton:** Well, I think we are into an area of philosophy which is a bit difficult to answer. I appreciate your question and I certainly would like to discuss it but I think it would take some time. It would take a great deal of time to go into that area because my own personal opinion is—I don't know whether Dan McLeod is of the same view and I am only here speaking on his behalf today because he is the Editor and it is his paper. I am only his counsel but I think perhaps in certain instances society that has solid structures, solid foundations, can even allow what might be described as unfair criticism because otherwise you do get into this fact of deciding what is fair or what is unfair.

The civil libel laws of course protect fair comment and fair comment, in a watered down form, is also available as a defence to criminal libel. So the question is one which the courts have considered and have attempted to make judgments about.

It is not impossible to make a definition but it does create great problems; and perhaps now in 1970 Canada, we are sufficiently mature and sufficiently safe in our institutions of government and our institutions of law that we can even tolerate unfair criticisms. This seems to be the position that has been taken in the United States. I would think that our system of government is at least as solidly entrenched as that in the United States.

**The Chairman:** I would like to put a question to you Mr. McLeod. How has the *Georgia Straight* responded or how have you responded to the current situation in Vancouver where there are no daily newspapers.

Have you increased your press run, have you sold more papers, have you attempted to cover more general news items. Have you done anything at all because of this situation?

**Mr. McLeod:** Well, we have tried to enlarge the paper a bit and we have hired another reporter and we have increased our press run—just about doubled it. We are not trying to do the same things as the daily papers. We are not trying to imitate them. We feel that our paper is an alternative and always has been and we are just beating up our own thing, adding more to that.

**The Chairman:** Are you running more pages for example?

**Mr. McLeod:** Yes, we have gone up to 32, or 36 pages from the usual 24.

**The Chairman:** And in those extra 12 pages you are not particularly carrying things which might have appeared in the local press. Local news events for instance?

**Mr. McLeod:** We are carrying theatre schedules. We are not carrying TV schedules. We are going to carry some court news but we are having trouble getting a reporter. We are publishing literary supplements as well of local writings.

**The Chairman:** Well, you say you have doubled your press run. Are you selling twice as many papers?

**Mr. McLeod:** Yes.

**The Chairman:** They are all being sold, are they?

**Mr. McLeod:** Yes, we are selling them all. We sold 22,000 the first week of the strike.

**The Chairman:** What is the impact on the broad community of the absence of daily newspapers in Vancouver, in your opinion?

**Mr. McLeod:** I think people are finding that they don't need them as much as they thought they did. I think the daily newspapers seem to artificially build up attentions in people, build up an artificial need to have a paper every day. You see, you might follow the same story for a week in a daily paper, and every day it changes. If you took the whole story in a weekly paper then you would get more of a perspective on it. In a way, a weekly paper could very well do everything that a daily paper does and people could get their daily information from radio and TV.

**The Chairman:** But surely the absence of daily papers is the reason that you are selling twice as many papers?



**Mr. McLeod:** Well, people are conditioned to reading their paper so they just buy anything—they are buying *Watchtower* and *Awake*. There are more Jehovah Witnesses on the street than there are *Georgia Straight* salesmen.

**The Chairman:** If and when the daily papers get back in business in Vancouver do you think you will hold this double circulation?

**Mr. McLeod:** I think we will hold steady at about the thousand or so.

**The Chairman:** So you will have gained some?

**Mr. McLeod:** Yes. We have been increasing steadily the past year and a half or since we were damned by the Mayor.

**The Chairman:** Senator Smith?

**Senator Smith:** Mr. Chairman, I would just like to ask this one question along this same line. Do you believe that the customers of the department stores and the big chain groceries require a medium something like a daily newspaper in order to provide themselves with the kind of service they find necessary to purchase the articles where the price is the best and to know where the various articles can be located in a city like Vancouver?

**Mr. McLeod:** Advertising sheets?

**Senator Smith:** That's right.

**Mr. McLeod:** Well, there are other ways of advertising and there are still weekly papers. They can advertise in them and another thing they are doing to fill the gap is publishing their own advertising supplements and just leave them on street corners for anybody to pick up.

**Senator Smith:** In order to make you understand what my question really is or involves, I think it is fair to say that we have had evidence to suggest that it might well be good economics for a daily newspaper to carry the big grocery supermarket ads for free in order to attract the readership that they require for the other kind of paid advertising. Did it ever occur to you that that could be a possibility and therefore there would have to be some other way of providing the grocery ads for the women in the household every day?

**Mr. McLeod:** You mean the establishment papers should?

**Senator Smith:** Well, somebody should carry these ads.

**Mr. O'Hara:** Carry what?

**Senator Smith:** Carry this kind of information.

**Mr. O'Hara:** It seems that what this advertising is doing—it is doing the same thing that the papers are doing themselves—creating an artificial need for all this junk, all these products that people don't really need and it is conditioning people to consume more—I don't know but I think the consumption of goods has probably gone down in Vancouver and this may eventually force a supplement but that is all I guess.

I think that advertising from day to day does create an artificial need and we don't need all of this stuff that we buy. Even with food, all the advertisers advertise the specials and you see the ads where it says that specials are on for 10 cents cheaper and then you go there and everything else is marked up and the specials are marked down. The things you need are marked up.

**Mr. Harris:** Maybe they should just stop advertising.

**Mr. Wetzel:** If a customer knows he can go to a certain store and get bananas at 10 cents cheaper he will go there. It is more or less of a gimmick and they can do that without daily newspapers.

**The Chairman:** Mr. Westley?

**Mr. Westley:** It appears to me that the newspapers are basically an advertising gimmick. I heard someone once remark that what they do is they lay out the advertising and if there is any room left over they put in the copy. I think that established newspapers are basically...

**Mr. Stevens:** Well, they are a business and they get their money from advertising.

**Mr. McLeod:** What we used to do when we couldn't afford to increase the size of our paper I used to throw out ads to get in more copy and now we can afford to increase the size of the whole paper.

**Mr. Hesler:** Mr. Chairman, unless someone has a question on this topic, perhaps we could change.



**The Chairman:** That is fine.

**Mr. Hesler:** I would like to sort out a few things that were said this morning at the very beginning of our discussion. I think it was Mr. Stevens who referred to the borders of the Underground and just before that Mr. McLeod had said that his paper, and correct me if I am misquoting you or misinterpreted you—his paper was attempting to fill a need which has arisen in an age where the establishment has apparently no use for youth. I would like to know what suggestions anyone has, who has come here today, as to how the media in Canada can perhaps bridge the gap of communications between the borders of the Underground and the establishment. First of all, whether the bridging is desirable to you and secondly what can be done to bridge the gap?

**Mr. Stevens:** It is a problem of priority and relevance, isn't it? A lot that I consider relevant maybe the above ground media does not consider relevant or doesn't consider as relevant as something else.

**Mr. McLeod:** Well, even within the media themselves, if the media would just print the stories that their young reporters write, that would help the situation. But we find in Vancouver that the *Vancouver Sun* and *Province* are not printing—they are censoring stories of young reporters to such a great extent that in frustration they leave; and just in order to get these stories out, they come to the *Georgia Straight* and work for a fraction of the salary they would get on the establishment papers.

**The Chairman:** What are your priorities Mr. Stevens? What are your priorities that are not theirs?

**Mr. Stevens:** Well, it is necessarily a subjective sort of thing.

**The Chairman:** Of course.

**Mr. Stevens:** *Sweeney* doesn't handle news as such. We don't say so-and-so was killed in a car accident last night or news like that or the ladies bridge club met last week—for one thing because we don't have the resources and for another thing we don't think that is particularly relevant. I am not really concerned with the number of deaths on the highways except as it is indicative of the failure some place in the transportation system and the means of transport used—so

that is why we don't go in to that type of thing. You have to try and take an overall view. For example, with regard to traffic deaths, we would say that there must be something wrong here because we had so many more than last year—why? Whereas the above ground press has a tendency just to report them as they come up.

**The Chairman:** Surely you are not critical of the overground press for that?

**Mr. Stevens:** Well, I guess they have to write the stories but I don't think they are particularly relevant to our way of life—the fact that Joe Blow died—I don't think that Joe Blow's family particularly likes to see that. What has happened in Oakville, the same story was done I think four different times over an interval of two months—how this family's father drowned in the river or something like that. It was upsetting the family and it didn't add anything to the paper. It didn't add anything to the community and solved no problems. It was merely I guess interesting copy and something like that isn't relevant to me. Other questions, such as if he hadn't been killed in the river maybe he may have been killed by the smell coming out of it—that kind of stuff. To me, the large problems are are we going to be alive tomorrow.

**The Chairman:** Well, I share your concern about the large smell, many of us do. I wouldn't expect you to cover many of the news items that are in the overground press, but on the other hand I don't think you can be critical of them for carrying news about deaths on the highways.

**Mr. Stevens:** Well, the highway thing is a subjective sort of thing. We more or less just decide how much space we should give it and if it is important enough to give it two pages, all right. Now, it is a subjective sort of thing and I can't really comment.

**The Chairman:** Well, I believe Mr. McLeod was going to say something.

**Mr. McLeod:** Perhaps there wouldn't be as many car accidents and deaths if the establishment press didn't carry pages and pages of advertising of obsolete and unsafe cars and thus creating a need.

**The Chairman:** But isn't that in fairness a different argument? That seems to be a separate point altogether. Surely highway acci-

dents are legitimate news items in the over-ground press?

**Mr. McLeod:** But the cars are a product of the establishment.

**The Chairman:** Mr. Cain?

**Mr. Cain:** Now, we are getting to the root of the matter. Mr. McLeod was getting into the idea of cars as a commodity. Now, we all know—working out this example, that a car can be made to last a lot longer than three years. We are all aware in this room of planned obsolescence. That is one stance that the underground press refuses to take. We will not get involved in planned obsolescence in commodities or commodity buying and that is what Mr. Stevens was getting at. He said that drownings and violent stories are not necessary. He was being critical of the over-ground press for printing such stories and he was making a value judgment on what is going to the people, what we are receiving in the newspapers and we are getting into what is relevant and what is irrelevant.

**The Chairman:** Well, let me put it to you then. Is it irrelevant—is a highway accident irrelevant?

**Mr. Cain:** It seems to me it is irrelevant if it is presented in red lettering on the front page of a newspaper as a sensational story. I have yet to read a newspaper story on a car accident which gets into the problem.

**The Chairman:** Do you think the press sensationalizes automobile accidents?

**Mr. Cain:** I would say so.

**The Chairman:** Do you?

**Mr. Cain:** By putting the stories on the front pages of the newspapers and saying that 44 people were killed and 31 were injured.

**Mr. Stevens:** Yes, that is the question.

**The Chairman:** In an accident where 44 people were killed—oh, you mean in a total week-end?

**Mr. Cain:** Yes.

**Mr. O'Hara:** Oh, they will print the picture—they will print the picture of the car-nage on the front page.

**Mr. Cain:** Yes.

**Mr. O'Hara:** We have to remember all these processes I think in terms of selectivity.

There are an awful lot of things that happen in this world and one of the functions the overground press exercises, is to collect what pieces of information that you are told about through bad media.

Now, when you talk about relevant, I think it's a very reasonable question—the relevance of an automobile accident; how gory, without any investigation as to how it happened, what the effects are of that accident, or the ramifications are of that accident was it the faulty car design? It is much less relevant to deal with it that way than to analyse the effects of the ramifications of that kind, how they affect the lives of all the people who might read that paper.

Now, this effect is heightened when for example something has happened locally which is not sensational. This is not big news, but perhaps has new ramifications for people who might read the paper. Now, that might need a lot of space, for example a pollution study or an article which doesn't get talked about perhaps because they are caused by an advertiser or something like that. On the other hand I think we have all seen this—we have seen a five column picture of a particular crash that has happened in Delaware or something. Not because that accident is more relevant or because there is any kind of an analysis of how that accident was caused—I don't think that is the reason—I think the reason is sensationalism. I think that the information is irrelevant to the lives of the people who receive that information.

**Mr. Westley:** I agree. I think in small communities people want to know about their neighbours. You pick up the paper and you look through it and you say, oh, I knew that guy, I went to school with him, or something like that, and I think these things should be reported in small communities. I think they are important to people if they are in a small community. The overground press has such tremendous facilities for reporting things. They have a network which virtually touches around the globe—it is a global type of affair and yet to look at the newspaper you find that in spite of all the communications they have and all the writers, all the machinery and all the technology, etcetera, you still get the trivial; things that don't teach people how to live and how to get to the bottom of their problems and so on. I don't know it just doesn't seem to work out right and they don't seem to get to the bottom of things. You have to search very hard to find a good story.



**The Chairman:** Would you Mr. Westley give us some examples of the kind of articles or stories which the daily papers in Canada could run which would be of benefit to the people and are not running at the present time?

**Mr. Westley:** Well, I really couldn't say...

**The Chairman:** Or Mr. O'Hara, either one.

**Mr. O'Hara:** Well, I wish I had a copy of some kind of a daily newspaper in front of me.

**The Chairman:** Does anyone have a daily paper from today or yesterday? Here is this morning's *Globe & Mail*.

**Mr. O'Hara:** Well, they have a very irrelevant article on the front page this morning.

**The Chairman:** What is it?

**Mr. O'Hara:** They have a story about 2,000 people marching in Port of Spain.

**The Chairman:** You say that is irrelevant?

**Mr. O'Hara:** Well, on the front page for example there is the four columns...

**The Chairman:** Why don't you hold it up so we can see it.

**Mr. O'Hara:** A four column—seven inch—fairly spectacular news column about a fire.

**The Chairman:** Where was that fire?

**Mr. O'Hara:** In Toronto. That is a local story but that takes up a lot of space. Somewhere in here I expect to find or expect not to find either a very small article on the occupation of the University of Buffalo or no article at all. Just skimming through it...

**The Chairman:** Mr. O'Hara, may I suggest that we address ourselves to the front page.

**Mr. O'Hara:** Okay.

**The Chairman:** Now, in your opinion on the front page—that is this morning's *Globe & Mail* I believe?

**Mr. O'Hara:** Yes.

**The Chairman:** What stories are there that are not of relevance to the people who live in Toronto?

**Mr. O'Hara:** Well, I am not saying that those stories are not relevant or that people do not necessarily want to read about them.

They treat things in a very superficial way. Now, I expect the Committee has already dealt with now they do it in Germany...

**The Chairman:** Yes.

**Mr. O'Hara:** I might say that I work on two papers. I work on a paper in Peterborough which in fact attempted to replace the daily paper. This attempted to replace the daily newspaper that was on strike and I have been writing straight news and covering local events and I must say it is very unfulfilling to the people who write these stories. It is also very unfulfilling for the people to read them. Now, there is a story on the 2,000 people who are marching in Port of Spain and there is a story about what is happening in Trinidad and what is happening in Canada. Now, without reading this completely, I don't think that there is anything in this story—no, there isn't anything in this story which explains the ramifications of a trial of black people who are being tried on a conspiracy charge, which came out of a charge of racism, which explains that and the ramifications of what the people are doing in Trinidad. The connections aren't made, the analysis isn't there. There isn't any kind of attempt to follow that up with some kind of connection, some kind of making it relevant and to explain the experience of the people who live in the area that it is going to serve.

**The Chairman:** However, I think you would want to be fair—it may be that the kind of story that you refer to has been or will be carried on their page 7. Isn't that true?

**Mr. O'Hara:** Well, I wouldn't say that.

**The Chairman:** You know, their style is a little bit different than yours in terms of objectivity. Given their concept of objectivity, I am not sure that the kind of front page—if you were the editor of the *Globe and Mail*—that you would produce would be more relevant.

**Mr. Westley:** I have a brief there that does an analysis in St. Catharines and you know, it has all that stuff in it. It has all that stuff in it if anybody wants to take a look at it.

**The Chairman:** Well, I saw it at noon hour. If you would like to refer to it now, you can.

**Mr. Westley:** I will show you something. We did an analysis of the paper per week, we took a random sampling and did this very



scientifically—I will show you this. I don't want to have to go through all this stuff because it will take a lot of time. But here is an article on the very famous and historical carrousel in St. Catharines—I don't know whether or not you have heard about it, but here it is on top of page 9—this is our local news page. There is an article on Pollution Probe. At this meeting the Niagara Peninsula Pollution Committee was set up. People came from as far away as Sudbury to talk about their experiences. The Peninsula is probably one of the worst polluted places in Ontario. This was a very important meeting. There are other issues like—I had them listed in here—unemployment; a group of unemployed people had been demonstrating because they had been out of jobs, they were on welfare and in pretty bad shape. Yet we have to go to the expense of making press releases, phoning the radio stations, and badgering them. And when we do picket—informational pickets to get our point across—we end up with an article buried in the back page. Other times we had nothing. Here was a very important issue in the community and yet an \$8,000 carrousel hits the top page and pollution has approximately ten lines. What about priorities, things that are important?

**The Chairman:** Well, I am not a daily reader of the St. Catharines paper but let me refer to the Toronto daily papers which I do read every day. It seems to me that they have written reams and reams and reams on pollution. They have done this in the last number of months. Would you not agree with that?

**Mr. Westley:** Yes.

**The Chairman:** Do you see them yourselves?

**Mr. Westley:** Yes, but I am talking about our local paper.

**The Chairman:** Well, you have taken a day. Probably that carrousel is not mentioned again for months but pollution is mentioned almost every day, isn't it?

**Mr. Westley:** Well, I thought quite frankly...

**The Chairman:** Well, my friend here groans but I thought that it is probably true in the Toronto papers.

**Mr. Westley:** Yes, I agree but I think that pollution is a very important problem in terms of that particular meeting—that was a

very important step and I felt that surely after one whole day of meetings there would be more...

**The Chairman:** Is that the entire coverage?

**Mr. Westley:** Yes. I might be wrong in this—this might be just announcing it. Oh, this is just announcing it.

**Mr. Harris:** I think the Toronto papers, especially the *Globe and Mail*, are much more competent to cover stories such as this. I don't know about the Ottawa papers...

**The Chairman:** Well, let us talk about the Ottawa papers. Don't you think that the coverage of pollution here is substantial?

**Mr. Harris:** No.

**The Chairman:** You don't?

**Mr. Harris:** No.

**The Chairman:** You don't think that they have really honed in on pollution?

**Mr. Harris:** Well, I think they should be doing something about the river—that is the problem.

**Mr. O'Hara:** I think again, it is a matter of explaining it. I read the *Globe*—I don't say I read the *Globe* every day but every time I can, but you read the *Globe* and sure, they talk about pollution but then more people are yelling about pollution than they used to, but there has to be something more. There isn't enough coverage as there should be and this is our point.

Again, the kind of discussions the *Globe* gets into when it does discuss pollution is removed from the people it affects indirectly. You get the "off-ed" page here, half of it is devoted to a discussion on pollution—but how exactly does that relate to the people in Sudbury who are coughing themselves to death, or the people in Toronto who have to look at the Don River every day?

**The Chairman:** There was an article which appeared—I am not sure, I think it was in *Fortune*, but which made the point of what is wrong with the news; the basic point was that papers have done a pretty bad job in reporting the change in society till the change became a fact of life; in other words, pollution has always been ignored until right now. This is really what you are saying. The question I put to you is what is it that the press is

ignoring now and not reporting that they should be reporting?

**Mr. O'Hara:** Genocide.

**The Chairman:** Well, genocide...

**Mr. Westley:** They are reporting things but well—here is an article which says that two out of three Canadians believe any newspaper reports are biased. That is just a headline and there are some statistics here...

**The Chairman:** That is a Gallup Poll.

**Mr. Westley:** Yes. Here is another one on black militants in the *Toronto Star*.

**The Chairman:** This is an editorial review that you are reading?

**Mr. Westley:** Yes—against the black students—this will illustrate the sort of double techniques that have been indulged in by newspapermen. Negro students are criticized for trying to influence the outcome of a trial one way while the *Star* itself is trying to...

**Senator Smith:** If you want the reporter to put it on the record, please slow down.

**The Chairman:** Yes, you will have to slow down.

**Mr. Westley:** ...or trying to influence it the other way. If you read the editorial you will find out, so what I am saying is papers are very biased. There is no doubt about it, they are trying to push something.

**The Chairman:** So are the underground press.

**Mr. Westley:** Well, they use very, very subtle techniques.

**Mr. Stevens:** Most North American papers will often have a bias, but the difference is that most of them in their reporting—that is a reporter writing up the stories—tend to be objective. They think there is some great virtue in being objective. They draw no conclusions, take no sides—just report the facts and rely on the reader to make his own interpretations, and this is something that I question. In Europe this hasn't been happening. A lot of European papers are subjective and they make no bones about it. They say—this is subjective and they put the reporter's name under the article and you are supposed to know that that reporter is biased by following it through or reading the paper every day or whatever, and if you don't like his interpreta-

tion or solution you can go to another paper and get a different one. As long as the facts are reported truthfully, you know you are getting fair interpretations.

**Mr. Hesler:** Do you think that we in Canada are being short-changed in the standards of journalism in newspapers as compared with papers in France and Europe?

**Mr. Stevens:** Well, you are short-changed surely when you pick up a paper that is supposed to be objective and you are getting unconscious bias. The way a story is reported often depends on the reporter's bias. Sometimes something is said which is not reported. This is a value judgment on his part and the fact that you think you are getting everything, all the news; the impression the paper puts across is not necessarily a true impression. In this way you are getting short-changed—you are picking up a paper which is supposed to be objective and there is a definite bias.

**The Chairman:** I think in fairness Mr. Stevens I should point out that in the overwhelming majority of briefs we receive from publishers of daily papers they make no profession of objectivity—in fact, many of them make the very point you are making.

**Mr. Stevens:** Well, maybe on the editorial page; you look at the editorial page for the paper's comments—for the paper's bias and there you do get a bias; but you also get a bias just in the reporting, in what news is reported, how it is reported, etcetera. Sometimes you don't think you are getting a bias—you think you are getting the straight facts.

**Mr. Johnson:** That is especially obvious in many, many papers where the—on the front page you have maybe 15 stories which are very, very short and then continued on the next page. That is the most blatant example of this—it is what the reporter thinks are the most important facts; some which may actually for many people be more relevant are tucked away on page 10, or where most of the investigation into the subject is tucked away on page 10. They will just have a very brief thing on page 1 which in no way goes into the subject.

**The Chairman:** I wonder if we might put the question to you, Mr. Anderson—I am not sure if you were in the room when Mr. Hesler specifically put the question—would you like to put it again to Mr. Anderson?



**Mr. Hesler:** My last question?

**The Chairman:** Well, your basic question about what the so-called establishment press could do...

**Mr. Hesler:** As I understand you, Mr. Chairman, you are referring not to my last question...

**The Chairman:** Well, you put a very broad question. That is really why we have been off on this discussion we have been having and I wondered if Mr. Anderson could comment on this point.

**Mr. Hesler:** Well, I had asked whether in bridging the gap between what Mr. Stevens referred to as the borders of the underground and the establishment which Mr. McLeod said had no use or concern for youth,—whether anyone here had any recommendations as to what the media in Canada could do to bridge that gap, to perhaps bring the establishment to accept youth with a little more objectivity or understanding.

**Mr. Anderson:** I am not really sure. We were kicking this idea around in Winnipeg a while ago, some colleagues and myself, and—it seems that ever since the advent of the underground press, the media haven't been radicalizing *Time Magazine*, *Look Magazine*, *Life Magazine*—they are far more critical now of society than they were several years ago. I am not saying that they are entrenchingly critical but they are far more critical. In other words, it seems that the media are now being influenced by the underground press.

I think the enormous concern with ecology is primarily a phenomenon started by the underground press and it is only very recently that the establishment press has sort of got on the band-wagon as it were. We thought that one thing a paper could possibly do is to give the student radicals, radical society, four or five pages and just let them do their thing but as I said earlier, a newspaper, whatever else it is, is a business making venture and if anything it is going to be found in the editorial comment or the copy of the newspaper, that is going to collide with financial interest of a newspaper—it is simply not going to be there.

The best example I can think of would be a newspaper such as the *Winnipeg Free Press* writing a story about Eaton's of Winnipeg which is supposed to be the most successful

department store in the world according to Canadian magazines. On some days 10 per cent of the population of Winnipeg is in that store—this is an amazing fact; they have something called the Budget Account which they charge something like 18 or 20 per cent per year on accounts. Now, obviously anyone who is paying 18 per cent is in fact dealing with a loan shark and yet you will never find any criticism of that in the *Winnipeg Free Press* or *Tribune* because they will be threatened with the taking away of all their advertising. So it seems to me that no marriage is possible between the establishment press and the radical press. They are on completely different trips and I can't see any possibility of fusion between the two.

**Mr. Hesler:** Well, perhaps to carry on my question a bit further, does the underground press or the opposition press—itsself make an effort to bridge this gap in catering to a restricted clientele. In doing this does it not encourage the gap to continue?

**Mr. Stevens:** I don't think you will find it catering to a strict clientele; with *Sweeney*, 50 per cent of our papers go to people over 30, lecturers, teachers, housewives, fathers, workers and this kind of thing. We never have attempted to cater to any one clientele. We are just like an alternative press. Nothing more, nothing less, and we are not just trying to become the official organ of the dope scene or whatever you want. It is just an alternative press, nothing more and nothing less.

**The Chairman:** Mr. Westley?

**Mr. Westley:** I think the most threatening problem to deal with—if there is something threatened by the establishment papers—is to get these people outside of the so-called restricted group that we have been talking about—to get this type of person, the people who are working in restaurants, underpaid, students, people who are on welfare, etcetera, to start to get them interested in the papers. I am thinking more in terms of our paper because we are not trying to restrict it to anybody in particular or to any group. I think that is a mistake. I think we should be trying to get people together, concentrating on trying to get them together—as many people as we can and the best way we can.

**Mr. Hesler:** Well, don't you think—I am not referring to any specific publication, but you don't think that an underground publication



that is really way out and that really clobbers the reader hard, to you really think that this is a publication which can get through to the majority of the establishment? Don't you think more subtle technique would be appropriate if you want to get through to them?

**Mr. Westley:** That might not be what they want. They might get a charge you know out of throwing accusations around or coming on strong and they are obviously catering to a particular group. They are catering to people who won't be offended obviously by their publication and they can do that if they want, but I think you will find that the majority of the underground press doesn't attempt to cater to a particular group. University papers—well, there are some which are definitely youth orientated...

**Mr. Hesler:** But the question I am really trying to get an answer to is are you doing something to try to get through to people who form the establishment?

**Mr. Stevens:** Yes, we write intelligent articles. You know, there is nothing else we can do.

**Mr. Harris:** The idea of bridging a gap implies that there is a misunderstanding. I think there is a slightly divergence of stories coming together here.

**Mr. Hesler:** Well, that is what I asked. The first part of my question was whether the gap was worth bridging?

**Mr. Harris:** Well, it is not a matter of whether it is worth bridging or not—it is not just a matter of a disagreement or misunderstanding.

**Mr. O'Hara:** It is a matter of changing values of a society which holds an old set of values which is coming into conflict with a new set of values which it cannot accept. It is not a matter of an underground paper making an attempt to bridge that gap.

The underground press is providing an alternative to the old set of values, that is a new set of values.

**The Chairman:** Well, could a person be informed by reading only the underground press?

**Mr. O'Hara:** Well, that depends on which underground press you read.

**The Chairman:** Your paper?

**Mr. O'Hara:** Our paper, no because—but I will say in conjunction with the other forms of media that are available, yes. I think to leave those other media out of consideration would be ridiculous. The idea of getting through to the people who form the establishment is really a very strange idea. You can lay your ideas out for them; if they don't accept those ideas then there is nothing you can do.

**The Chairman:** Senator Hays.

**Senator Hays:** I would like to ask Mr. McLeod a question. Your paper as an underground press is a pretty successful paper subscription-wise and that sort of thing. Where do you expect to be in 1980 with your paper when Vancouver's population has doubled?

**Mr. McLeod:** In terms of circulation?

**Senator Hays:** In terms of circulation and impact on the community?

**Mr. McLeod:** I think that is up to the community. The paper can't survive without the support of the community and it depends on the community.

**Senator Hays:** Well, advertising and circulation-wise?

**Mr. McLeod:** My prediction is that the circulation will increase and we may become a true alternative to the daily press by that time.

**Senator Hays:** Do you mean that one establishment will take over from another establishment?

**Mr. McLeod:** Well, I don't think that people under the new value system will tolerate an establishment like the kind of establishment we have now.

**Senator Hays:** Would you be opposed to Senator Davey in his position—is he part of the establishment?

**Mr. McLeod:** I think Senator Davey can think for himself.

**Senator Smith:** Does that mean he is not part of the establishment?

**Mr. McLeod:** He is employed—we are all part of the system to some degree because we depend on money to operate.

**Senator Hays:** So economics do enter into this?

**Mr. McLeod:** I distinguish more between minds and how free you are in your head.

**The Chairman:** I find that perhaps I could answer that question myself but perhaps I had better not. I was only go to observe that everybody thinks I am part of the establishment with the possible exception of the establishment!

**Senator Hays:** I would like to pursue this a little further, Mr. Chairman.

**The Chairman:** Carry on.

**Senator Hays:** How do you feel in Toronto about your paper in the future?

**Mr. Wetzel:** Well, we are not really concerned about the paper because in the future we are going to be running the country. *ar-binner* is only one little tool whereby we are working towards that.

**Senator Hays:** You are firmly convinced that—well, this has always been the case where the ins are trying to stay in and the outs are trying to stay out and...

**Mr. Wetzel:** No, it is a matter of who is our enemy.

**Senator Hays:** Well, I ask you is Senator Davey your enemy?

**Mr. Wetzel:** Well, you would be my enemy and so would...

**Senator Hays:** Senator Davey?

**Mr. Wetzel:** Yes, Senator Davey.

**The Chairman:** That is a terrible thing to say because I buy the *Harbinger* almost regularly! I am going to stop buying it.

**Mr. O'Hara:** The Russian Revolution was financed by robbing banks.

**The Chairman:** Well, I can assure you it is perfectly invalid comparison.

**Senator Hays:** This is the role of the underground press, is it?

**Mr. Wetzel:** Well, I don't know if that is the role of the *Georgia Straight*.

**The Chairman:** Well, in answer to Senator Hays, your commitment is not to journalism, is to a movement?

**Mr. Wetzel:** Specifically, yes.

**The Chairman:** And that is true of all of you, is it?

**Mr. Cain:** Yes.

**Mr. Hesler:** But as your paper gets more and more established, are you going to become more and more devoted to the success of your paper and not to the success of your movement? What happens if you have a circulation of 50,000 some day...

**Senator Hays:** And you are making one hundred thousand dollars a year, what happens to you then?

**Mr. Laxton:** They will pay a little bit more for their legal fees!

**The Chairman:** I am going to move to close out the session,—Senator McElman?

**Senator McElman:** Well before you do...

**The Chairman:** Well, before I do I am going to ask all of our people to make a closing statement and then I am going to adjourn. However, you have a question so go ahead please.

**Senator McElman:** Mr. O'Hara spoke of the difficulty of communicating with the establishment—the bridging that has been discussed. I would like to refer briefly if I can to several items from that newspaper you looked at—the *Globe and Mail* of this morning. To begin with there is a lead editorial—"To a Less Troubled Way;"—it deals with the report just released of the Canada Welfare Council of an in-depth study of youngsters who drifted back and forth across Canada during the past year—personal interviews and so on, and it goes on to commend the findings which attempted to get at root causes and urging Canadians generally to get hold of this report and read it and find out where it is at.

Feiffer's cartoon is a lady—repeated several times in her caption—The Day Dawned, The Sky Was Brown, The Sea was Black, the Air was Grey—I staggered into a church and prayed for an end of technology. The police broke in and arrested me. The charge is conspiring to survive.

Then we go to the "off-ed" page—page 7, and there is a three-quarter page article by Dr. Murray Ross, President of York University. He makes reference to the profound changes that are coming in society, multiple roles of people, idea changes. He says: "Gradually the conception of work is being



challenged. Work is being placed in a new perspective: any work that does not provide self-fulfilment is useless..." and so on. He goes on again and this is the last quote, Mr. Chairman.

"I do not wish to depreciate the radical groups. They have forced us to rethink and reevaluate. Their impatience with established methods that don't work, their outrage at poverty in wealthy countries, their dream of a "beautiful society" with smogless air, unpolluted rivers, swift and clean public transportation—all of these things they have forced us to think about. And the change is coming because of the efforts they have made and the disturbances they have caused."

All of this brings me to ask the question do you not think in some of the discussion there has been an over-display of fetishism—that perhaps in this one issue, today's, there is some indication that you are reaching? That there is an approach towards bridging the gap? I couldn't have seen these things perhaps as recently as two years ago. Would you agree that there is some approach?

**Mr. O'Hara:** No, I actually wouldn't. I would like to take the time to answer those in some detail if I may.

**The Chairman:** By all means.

**Mr. O'Hara:** I don't agree with you that there is a real reaching out and touching that is going to affect the changes that are necessary, the changes which will only resolve the conflict of new and old values; these changes are not going to come as fast as they have to come if we are in fact to survive in the way that Feiffer is cynical about. I think you can see the degree to which that reaching out fails probably in those stories.

Now, I haven't read that editorial concerning the children wandering back and forth across the country but the implication I get, you see, from what you read to me and I believe this may be said by other people, is that that group of people are investigating something which is basically wrong and they are trying to figure out why it went wrong and why kids do that. I think that if you read that report, if it fits into anything like my experience with that kind of investigation before, it is dealt with in terms of—well, these are all misfits.

**Senator McElman:** Excuse me, it deals with them just the contrary of misfits.

**Mr. O'Hara:** But does it deal with it in terms of not changing them or allowing them to exist in society under its present direction? Or does it talk in terms of changing the direction of the society? There is where the real—the real communications of where the roots of new ideas come and this is I think shown again in the article from Ross. I think that has to be put in some kind of perspective.

You notice that he talks about a dream and he says that because the radicals have yelled, the changes are coming. That I think, indicates a lack of communication because the problems are that the changes aren't here. That is where the problem is.

Again, going back to Feiffer, trying to survive, that is the crime. I think that we also have to remember that Ross was one of the people who signed a thing called The C.P. Role Report of the Committee of Presidents of Universities of Ontario which in fact set up the machinery, a very well oiled and colourful machinery for *smashing* the kind of dissent which he claimed is so destructive. He signed that report; he was complicit in the drawing up of a report which was deliberately set out to stop that kind of dissent before it got started.

Now, putting it in that perspective I tend to feel that the degree of communication is really very slight; that the establishment, or whatever you want to call it, was willing to make some changes only for the purpose and only so far as it will preserve the direction that society is now going in. Those changes can never effect any kind of reconciliation between the old or new values or abridge any kind of gap because it should be much more basic than that.

**Mr. Johnson:** What they seem to neglect is not just a question of such things as pollution of the air and the water. It is a question of the basis of this society—why, for the necessities of life—why should these be subjected to profit making—why must every time I go out and buy some food there is a certain percentage, usually quite a large percentage of packaged food products that is going up into the private pockets.

Every house that is built, you know, how much goes into the private pockets? The clothing I buy, everything. The society is based not upon providing for the needs of the people but upon making a profit.



**Senator Hays:** What country in your opinion is moving in the right direction?

**Mr. Johnson:** I don't know whether there is any country which is really moving in the right direction right now.

**Senator Hays:** You think they are all in the same boat?

**Mr. Cain:** Well, I think we are going...

**Senator Hays:** There is no country that you feel...

**The Chairman:** Well, I think while there are still some people left I am going to move to terminate the session. I don't mean to be rude to Senator Hays but I think we are going nowhere now and going into a discussion which perhaps doesn't relate to the study as it might. Do you wish to pursue that?

**Senator Hays:** No, that is fine.

**The Chairman:** Well then may I just put a final question to the guests here and perhaps we will ask each one of you—I quite concede it is a catch-all question but bearing in mind the things which interest us—number one, the ownership and control, and number two, the impact and influence of the mass media in Canada and considering the underground press for purposes of our study—as part of the overall mass media spectrum, what are the issues, if you will, that concern you and perhaps which we haven't talked about here today? May I just go around the room and see if any of you have anything else in closing you would like to say which you think would be of value to the Committee when it goes in to its deliberations stage in a few weeks' time.

I think that is a fair wrap-up question and is stated as broadly as I could possibly make it. We will start with Mr. McLeod.

**Mr. McLeod:** Well, first of all I would like to draw the attention of the Committee to pages 10 or 12 in which we outline the basic themes and the 22 topics which we deal with in the Georgia Straight. I don't think I will go through each one of these because I don't think we have the time but each one of these...

**The Chairman:** Would you like to speak on any one of them specifically?

**Mr. McLeod:** I don't want to spend a lot of time on them. You should look into these

because these are things that we are dealing with in a different way than the establishment press is dealing with them. In some cases the establishment press is not dealing with them at all. We are not trying to set up a new ruling class or to establish a new ruling set of values with our paper. We are not trying to build a tribe that is going to take over the world or anything, but of course we are not foolowing along with public opinion either.

I would like just to read what I said about the question of should the mass media lead public opinion or follow it. In the brief it expresses my feelings about the one way in which the mass media misleads themselves through leading public opinion.

"The media should neither lead nor follow public opinion, but it must always be aware of it.

The establishment press tries to lead public opinion. Its purposes are definite and predictable—to make as much money as possible while defending the system which allows them to make as much money as possible. The establishment press has no use for free people not in their content or on their staffs; any staff member who wishes to express himself freely in the establishment media is not allowed to unless he is helping to fulfill the above purpose."

That is why you see articles on ecology in the establishment press because people want to hear about them. People want to buy it so that is why they print it. If people didn't want to buy the paper that had ecology in it they wouldn't print it.

"In contrast the free press does not have any well-defined purpose; it is unpredictable. And since we do not have the alternatives completely worked out, we are not so arrogant as to see our role as 'leading public opinion'. Rather, the role of a free press is to present an alternative to the establishment press, which we feel is de-humanizing both in its internal staff structure and its content."

**The Chairman:** Is that it?

**Mr. McLeod:** Yes.

**The Chairman:** Thank you. Mr. Laxton would you like to add anything?

**Mr. Laxton:** Well, I would just like to say that I hope that the discussion has been help-

ful to the Committee. I would have thought that perhaps one of the most important questions that this Committee on the Mass Media would have been concerned with would have to do with freedom of the press. I think we have at least tried to talk about freedom of the press today in a real way because we are as underground newspapers—that section of the media that is feeling the pinch, the pressure exerted by the authorities to take away freedom of the press and it is obvious that the authorities have been using obscenity laws and criminal libel laws basically to stifle dissent.

I think this Committee should be deeply concerned about the stifling of dissent. If the Committee wants to do something about it, then I think it can accept the proposals that we have made, that is to recommend a repeal of the obscenity laws and the criminal libel laws and thus take away the weapons from the armory of those people who would attempt to put down criticism of the system.

All of the underground newspapers are concerned with the criticism of the system, challenging the values and I doubt if there is anybody in this room who thinks we have so perfect a society that it should be kept free of criticism.

If you accept that then you must give criticism an unfettered opportunity to express itself and the laws presently are being used to fetter and inhibit the true and full expression of dissenting opinions in our society. I would hope that this Committee would see fit to come up with a very strong recommendation that the laws which are presently on our books should not be used for this form of censorship.

I think the real hope for Canada is that the underground press and anyone else who wants to express a strong dissenting view of what is happening in this country be given that right with full encouragement and full freedom and this Committee has the power to make a clear statement in that regard. I would hope that if it did nothing else it would serve a vitally important function if it made a clear definition of rights of freedom of the press.

**The Chairman:** Thank you very much. Mr. Johnson?

**Mr. Johnson:** I would just like to briefly do a resume of what I think I would like my paper to be.

**The Chairman:** Fine.

**Mr. Johnson:** I think it should be a forum of the ideas of the community. These ideas are not necessarily those ideas that agree with my ideas. I will print an article which is very much opposed to what I believe in if it presents its case well so that it can stand on its arguments—on the arguments presented. So that it is not just being an alternative to the establishment media but also incorporating the best of their ideas as well.

Finally, in response to one question that was sent out in the original invitation "How would I define the freedom of the press?" I feel that freedom of the press should not be defined. It is a question of limits and the freedom of the press should not be limited.

**The Chairman:** Thank you. Mr. Stevens?

**Mr. Stevens:** Well, just briefly I think you have to remember that the major difference between a publication like *Sweeney* which I am involved with and the daily papers or the weekly papers that the regular dailies or weeklies are businesses. Their main purpose is to achieve a profit. That is why underground papers are around. I get no personal reward out of *Sweeney* other than the gratification when I think of something that should have been reported and wasn't, and gets into *Sweeney*.

All I have to gain or all anybody has to gain from the underground papers is social change. It is something in a constructive manner which I don't see the above ground papers promoting enough. To me that is the underground papers prime function to promote social change. It is a form of discussion of a different life style and different values.

**The Chairman:** Mr. Anderson?

**Mr. Anderson:** I really have nothing add. My colleagues have expressed it very well.

**The Chairman:** Mr. Harris?

**Mr. Harris:** Well, I don't think I have anything in particular to add except that I think that since we are in Ottawa we are available for further discussion perhaps on a less structured level.

**The Chairman:** Thank you.

Mr. Wetzel do you have anything you would like to say before we conclude?

**Mr. Wetzel:** I am more concerned to hear your feelings.

**The Chairman:** You will have to wait for the report, I am afraid. Mr. Westley?

**Mr. Westley:** I don't know. A lot has been said but I would sort of like to say briefly that I sort of enjoyed being here and being able to meet some of the people that are involved in the Senate and so on.

I think it is important that the underground press continue to publish. I think that the overground press is important in some respects—I read it, you know; I admit it. I think that what we have to do is as people—we simply have to come together somehow, understanding each other's position.

I fear it is going to take all the resources that we have in the next ten or twenty years to get by and I believe that the underground press is very important—if you can appreciate it, and dig it, well, that is great.

**The Chairman:** Thank you very much, Mr. Westley. Mr. O'Hara?

**Mr. O'Hara:** I would very strongly second the motion that one of the most important if not the most important contribution that a Committee of this type can make is to in fact make recommendations dealing with the freedom and removal of laws. This is partially so because I am sceptical of the effect that a report of the investigation into the ownership and control of the press can have on that press and the press' interaction with the people of Canada.

I think that for the press itself to challenge those interactions, to change those interactions drastically would be to jeopardize his own existence because of the nature of that press. I think it surely must be obvious from the investigation into ownership and control and the counter media that the alternatives to this are going to be bigger and stronger and affecting interaction with more and more people. Preservation at this point and its

health at this point is going to be increasingly important to watch and see.

**The Chairman:** Thank you.

Well, it only remains for me to conclude the session and perhaps, I can do it this way by saying that even since I gave my original notice of motion in the Senate in November of 1968 I think that the underground press has made enormous strides both as individual papers and also collectively. I think a measure of those advances is the fact that to conduct the kind of a study which we are attempting, we felt compelled to ask you people here today. Now, by the same token I must say that it flatters us that you have come here more than you might imagine. I think your contribution has been helpful and perhaps ultimately it may prove also to be meaningful.

The Committee has about ten or fifteen more days of public hearings then we will be going into our report-writing phase and if any of you have additional thoughts pursuant to the discussion here today which you want us to have on a private and confidential basis then of course the Committee and I as its Chairman would be only too delighted to hear from you.

Thank you very much.

Before adjourning may I say to the Senators that we are devoting to-morrow to a discussion of weekly newspapers. We start in the morning by receiving a brief at 10:00 o'clock from the Canadian Weekly Newspaper Association and Les Hebdomas du Canada. The meetings tomorrow are all in the Conference Centre. This evening at 8:30 we are going to hold a private "in camera" briefing session to discuss weeklies. That meeting will also be held at the Conference Centre.

Again, thank you to the people that came and the meeting is adjourned.

The Committee adjourned.













Second Session—Twenty-eighth Parliament

1969-70

# THE SENATE OF CANADA

## PROCEEDINGS

OF THE  
SPECIAL SENATE COMMITTEE

ON

# MASS MEDIA

The Honourable KEITH DAVEY, *Chairman*



\_\_\_\_\_  
No. 29  
\_\_\_\_\_

WEDNESDAY, MARCH 11, 1970

\_\_\_\_\_

WITNESSES:

(See the Minutes of Proceedings for the names of the witnesses  
who were heard by the Committee.)

MEMBERS OF THE SPECIAL SENATE COMMITTEE  
ON MASS MEDIA

The Honourable Keith Davey, *Chairman*

The Honourable L. P. Beaubien, *Deputy Chairman*

Beaubien  
Bourque  
Davey  
Everett  
Hays  
Kinnear  
Macdonald (*Cape  
Breton*)

McElman  
Petten  
Phillips (*Prince*)  
Prowse  
Quart  
Smith  
Sparrow  
Welch

(15 members)

(Quorum 5)

## ORDERS OF REFERENCE

Extract from the Minutes of the Proceedings of the Senate, Wednesday, October 29, 1969.

With leave of the Senate,

The Honourable Senator Davey moved, seconded by the Honourable Senator Lang:

That a Special Committee of the Senate be appointed to consider and report upon the ownership and control of the major means of mass public communication in Canada, in particular, and without restricting the generality of the foregoing, to examine and report upon the extent and nature of their impact and influence on the Canadian public, to be known as the Special Committee of the Senate on Mass Media;

That the Committee have power to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of the inquiry;

That the Committee have power to send for persons, papers and records, to examine witnesses, to report from time to time and to print such papers and evidence from day to day as may be ordered by the Committee;

That the Committee have power to sit during adjournments of the Senate and that Rule 76(4) be suspended in relation to this Special Committee from 9th to 18th December, 1969, both inclusive, and the Committee have power to sit during sittings of the Senate for that period;

That the papers and evidence received and taken on the subject in the preceding session be referred to the Committee; and

That the Committee be composed of the Honourable Senators Beau-bien, Davey, Everett, Giguère, Hays, Irvine, Langlois, Macdonald (*Cape Breton*), McElman, Petten, Prowse, Sparrow, Urquhart, White and Willis.

After debate, and—

The question being put on the motion, it was—

Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Thursday, November 6, 1969.

With leave of the Senate

The Honourable Senator McDonald, moved, seconded by the Honourable Senator Smith:

That the names of the Honourable Senators Guigère and Urquhart be removed from the list of Senators serving on the Special Committee of the Senate on Mass Media; and

That the names of the Honourable Senators Bourque, Smith and Welch be added to the list of Senators serving on the said Special Committee.



The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Friday, December 19, 1969.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Langlois:

That the names of the Honourable Senators Bélisle and Phillips (*Prince*) be substituted for those of the Honourable Senators Welch and White on the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Tuesday, February 3, 1970.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Langlois:

That Rule 76 (4) be suspended in relation to the Special Committee of the Senate on Mass Media from 10th to 19th February, 1970, both inclusive, and that the Committee have power to sit during sittings of the Senate for that period.

After debate, and—

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Thursday, February 5, 1970.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Haig:

That the names of the Honourable Senators Quart and Welch be substituted for those of the Honourable Senators Bélisle and Willis on the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Tuesday, February 17, 1970.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Connolly (*Halifax North*):

That the name of the Honourable Senator Kinnear be added to the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Tuesday, March 3, 1970.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Denis, P.C.:

That the name of the Honourable Senator Langlois be removed from the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Tuesday, March 3, 1970.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Denis, P.C.:

That Rule 76 (4) be suspended in relation to the Special Committee of the Senate on Mass Media from 4th to 13th March, 1970, both inclusive, and that the Committee have power to sit during sittings of the Senate for that period.

The question being put on the motion, it was—  
Resolved in the affirmative.

ROBERT FORTIER,  
*Clerk of the Senate.*





## MINUTES OF PROCEEDINGS

WEDNESDAY, March 11, 1970.

Pursuant to adjournment and notice the Special Senate Committee on Mass Media met this day at 10.00 a.m. in the Conference Centre.

*Present:* The Honourable Senators: Davey (*Chairman*); Bourque, Kinnear, McElman, Petten and Smith. (6)

*In attendance:* Miss Marianne Barrie, Director and Administrator; Mr. Borden Spears, Executive Consultant; Miss Nicola Kendall, Research Director.

The following witnesses were heard:

Mr. Gerald C. Craven, President, Canadian Weekly Newspapers Association; Publisher, The Ridgetown Dominion, Ridgetown, Ontario;

Mr. Andrew Y. McLean, Chairman, Postal and Parliamentary Committee, Canadian Weekly Newspapers Association; Publisher, The Huron Expositor, Seaforth, Ontario;

Mr. C. Irwin McIntosh, Immediate Past President, Canadian Weekly Newspapers Association; Publisher, the News-Optimist, North Battleford, Saskatchewan;

Mr. Yves Gagnon, President, Les Hebdos du Canada; Publisher, Le Canada Français, St-Jean, Quebec; Professor of Journalism, Laval University;

Mr. Lucien Fontaine, Honorary Secretary, Les Hebdos du Canada; Publisher, L'Echo, Malartic; L'Abitibien, Val d'Or; Le Portage, L'Assomption; L'Echo, Amos, Quebec;

Mr. Jean-Paul Légaré, Permanent Secretary, Les Hebdos du Canada.

The following witnesses were also present, but were not heard:

Mr. J. J. A. Parry, Second Vice-President, Canadian Weekly Newspapers Association; Publisher, The Rimbey Record, Rimbey, Alberta;

Mr. Charles G. Hawkins, First Vice-President, Canadian Weekly Newspapers Association; Publisher, Manitou Western Canadian, Manitou, Manitoba;

Mr. Vincent Rodrigue, First Vice-President, Les Hebdos du Canada; Publisher, L'Eclaireur-Progrès, St-Georges, Quebec;

Mr. Fernand Berthiaume, Second Vice-President, Les Hebdos du Canada; Publisher, L'Argenteuil, Lachute, Quebec.

At 12.30 p.m. the Committee adjourned to 2.00 p.m.

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At 2.00 p.m. the Committee resumed.

*Present:* The Honourable Senators: Davey (*Chairman*); Beaubien, Bourque, Kinnear, Macdonald (*Cape Breton*), McElman, Petten and Welch. (8)

*In attendance:* Miss Marianne Barrie, Director and Administrator; Mr. Borden Spears, Executive Consultant; Miss Nicola Kendall, Research Director.

The following witnesses were heard:

Mr. G. C. Baker, Publisher, Kentville Adviser, Kentville, Nova Scotia;

Dr. Henri Vaillancourt, Publisher, Le Réveil, Jonquiére, Quebec;

Mr. Ken Larone, Metro-Mirror Publishing Limited, Toronto, Ontario;

Mr. L. H. Drouin, Publisher, St. Paul Journal, St. Paul, Alberta;

Mr. C. S. Q. Hoodspith, Publisher, Squamish Howe-Sound Times, West Vancouver Lions Gate Times; also representing B. C. Weekly Newspapers Association;

Mr. Frank Withers, Editor, Bugle Gazette-Times, Woodstock, New Brunswick;

Mr. Gerald C. Craven, Publisher, The Ridgetown Dominion, Ridgetown, Ontario;

Mr. John Pinckney, Publisher, Rosetown Eagle, Rosetown, Saskatchewan;

Mr. Jean-Paul Légaré, Permanent Secretary, Les Hebdomas du Canada;

Mr. George Derksen, Publisher and Editor, Estevan Mercury, Estevan, Saskatchewan; Chairman, Saskatchewan Weekly Newspapers Association;

Mr. Yves Gagnon, Publisher, Le Canada Français, St-Jean, Québec; Président, Les Hebdomas du Canada; Professor of Journalism, Laval University;

Miss Christina Isabel MacBeth, Editor and Publisher, Milverton Sun, Milverton, Ontario;

Mr. Lindley B. Calnan, President and Managing Editor, The Picton Gazette, Picton, Ontario;

Mr. Lou Miller, President-Publisher, The Monitor, Montreal, Quebec; Provincial Director, Canadian Weekly Newspapers Association; Vice-President, Quebec Weekly Newspapers Association;

Mr. Roy Farran, President, North Hill News Limited; Publisher, North Hill News; Publisher, Market Examiner, Calgary, Alberta;

Mr. Gerald Cyr, President and Director, Le Nouveau Progrès, St-Jérôme, Quebec;

Dr. Allister Miller, Chairman of Editorial Board, North Renfrew Times, Deep River, Ontario;

Mr. Jean Laurin, Advertising Broker, Les Hebdomas A-1 Inc., Montreal, Quebec;

Mr. George Cadogan, Editor and Publisher, Pictou Advocate, Pictou, Nova Scotia;

Mr. M. J. Nurenberger, Editor and Publisher, The Canadian Jewish News, Toronto, Ontario; Nouveau Monde, Montreal, Quebec;

Mr. Louis Dickson, Publisher and Owner, Owen Sound Herald, Owen Sound, Ontario;

Mr. H. F. Wilson, General Manager, Dunnville Chronicle, Dunnville, Ontario;

Mrs. O. Ghosh, Associate Editor, Ottawa Gloucester Guardian, Ottawa, Ontario;

Mrs. Margaret Murray, Publisher, Bridge River-Lillooet News, Lillooet, British Columbia.

At 5.40 p.m. the Committee adjourned to 7.00 p.m.

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At 7.30 p.m. the Committee resumed.

*Present:* The Honourable Senators: Davey (*Chairman*); Beaubien, Hays, Macdonald (*Cape Breton*), McElman, Petten and Welch—(7).

*In attendance:* Miss Marianne Barrie, Director and Administrator; Mr. Borden Spears, Executive Consultant; Miss Nicola Kendall, Research Director.

The following witnesses were heard:

Mr. J. Louis McKenna, President and General Manager, Kings County Record, Sussex, New Brunswick;

Mr. Douglas Bassett, Vice-President and General Manager, Inland Publishing Company Limited, Toronto, Ontario;

Mr. Cliff Hacker, President, The Western Regional Newspapers Group, Abbotsford, British Columbia; Publisher, Abbotsford Sumas and Matsqui News, Abbotsford and Matsqui, British Columbia;

Mr. Roger Delorme, L'Observateur, Laval, Quebec;

Mr. C. S. Q. Hoodspeth, Publisher, Squamish Howe-Sound Times and West Vancouver Lions Gate Times; also representing B.C. Weekly Newspapers Association;

Mr. Roy Farran, President, North Hill News Limited; Publisher North Hill News; Publisher, Market Examiner, Calgary, Alberta;

Mr. Lindley B. Calnan, President and Managing Editor, The Picton Gazette, Picton, Ontario;

Mr. Donald Somerville, Publisher, Oliver Chronicle, Oliver, British Columbia;

Mr. Lou Miller, President-Publisher, The Monitor, Montreal, Quebec;

Mr. W. Eric Dunning, Publisher and Editor, Maple Ridge-Pitt Meadows Gazette, Haney, British Columbia; Coquitlam Herald and Coquitlam-Moody Advance, Coquitlam, British Columbia;

Mr. I. D. Willis, Editor and President, Alliston Herald, Alliston, Ontario;

Mr. David K. Friesen, Publisher, Altona Red River Valley Echo, Altona, Manitoba;

Mr. Vincent Rodrigue, Publisher, L'Éclaireur-Progrès, St-Georges, Beauce, Quebec;

Mr. C. Irwin McIntosh, Publisher, The News-Optimist, North Battleford, Saskatchewan.

Mr. Ernie Neufeld, Managing Editor, Weyburn Review, Weyburn, Saskatchewan;

Mr. Louis Dickson, Publisher and Owner, Owen Sound Herald, Owen Sound, Ontario;

Mr. Dan Barr, Bugle Gazette-Times, Woodstock, New Brunswick;



Mr. Andrew Y. McLean, Chairman, Postal and Parliamentary Committee, Canadian Weekly Newspapers Association; Publisher, The Huron Expositor, Seaforth, Ontario;

Mr. George Cadogan, Editor and Publisher, Pictou Advocate, Pictou, Nova Scotia;

Mr. George C. Baker, Publisher, Kentville Advertiser, Kentville, Nova Scotia;

Mr. Frank Withers, Editor, Bugle Gazette-Times, Woodstock, New Brunswick;

Mrs. Margaret Murray, Publisher, Bridge River-Lillooet News, Lillooet, British Columbia.

At 10.05 p.m. the Committee adjourned to Thursday, March 12, 1970, at 10.00 a.m., in the Senate.

ATTEST.

Denis Bouffard,  
*Clerk of the Committee.*

## SPECIAL SENATE COMMITTEE ON MASS MEDIA

### EVIDENCE

Ottawa, Wednesday, March 11, 1970

The Special Senate Committee on Mass Media met this day at 10:00 a.m.

**Senator Keith Davey** (*Chairman*) in the Chair.

**The Chairman:** Ladies and gentlemen, I would like to call the meeting to order in just a moment or two. I am going to suggest the people who are sitting behind us here at the head table may be well advised to move to these chairs in front, if you do not mind.

Ladies and gentlemen, I am further advised before we begin the proceedings that, given the acoustics in this room, you would be well advised to wear these ear pieces throughout the day. From time to time we will have instant translation on them but, as I understand it, even when the witnesses are speaking in English for those who are English or in French for those who are French, you would still be well advised to wear these pieces so that we can hear each other.

Honourable Senators and ladies and gentlemen, today we turn our attention to the Canadian weekly newspaper industry and the role it plays in the overall spectrum of Canadian mass media. I think we have set before us a useful day and one which will provide the Senators certainly and others and perhaps even some weekly publishers with a further insight into their industry.

As part of its research program this Committee has conducted a study of the weekly newspaper industry. That study, as you know, is now complete. In specific preparation for this day the Committee invited the weekly press to comment on their industry. As a result the Committee received some 250 letters as well as some 225 replies to a financial questionnaire. As well formal briefs were submitted by eight individual weeklies and by the Saskatchewan Weekly Newspaper Association. Copies of these formal briefs are available at the Committee's offices, Suite 302, 140 Wellington Street.

We have decided to vary our format from our regular procedure in this hearing in order to broaden the actual participation by as many weekly publishers as was practical.

As I understand it, there will be throughout the course of the day about 100 publishers present—at least there were 100 publishers who indicated to us that it was their intention to attend at this session.

These 100 publishers and editors represent about 300 of the 874 Canadian weeklies. They come from eight provinces and they include English, French and bilingual publications.

I think in the material received when you arrived this morning you found the actual list of those people who are attending. I should perhaps also make clear at this point to the Senators and others that the representatives who are here today and publishers who are here today have arrived in Ottawa at their own expense.

Well now, perhaps I should just say a word about the program we have in front of us. I think you have some idea from the agenda you have received. In just a moment we are going to receive two formal briefs, one from the Canadian Weekly Newspapers Association and the other from Les Hebdomas du Canada.

For the benefit of the Senators, I should say as far as these briefs are concerned we will follow the usual procedure. In other words I will call upon these representatives to make an oral statement. Following the oral statement we will have a formal question period with the questions being put by the Senators.

I am afraid for this morning's discussion, questions from the floor will not be in order.

Then this afternoon—I do not want to go into this in great detail now—but as you are perhaps aware we begin four one and a half hour panels. Now, the actual ground rules for these panels, how we intend to proceed with the discussion to maximize the discussion and involvement on the part of all persons, I can perhaps outline this afternoon.

All it is necessary to do now is to draw your attention to the topics we are discussing this afternoon, the role of the weekly, content, revenue and disbursement and so perhaps the Senators might be mindful in their questioning this morning of the fact that this afternoon we will be dealing with these specific matters so it may be that some of the questions you may want to put to these organizations might well be left until this afternoon.

However, I do not want to inhibit any discussion. I would also just perhaps draw two other points to your attention. One is that there is a lounge through these double doors off to my left which is available and will be available all day long for the weekly publishers and editors and, of course, for the Senators in which coffee will be served all day long. I hope as well as in the formal presentation this morning and the informal panels this afternoon that it will be possible for us to meet many of you on an informal basis in the other room.

Then I have been given a note pointing out—and I will perhaps point this out throughout the day—and I pointed it out to the people who are here with me at the front now, it is necessary in this room, as I understand it, to speak quite loudly.

The only alteration I am going to suggest we should make in the agenda is I would hope we might deal with the brief from the Canadian Weekly Newspapers Association in about an hour. Perhaps we can then adjourn for a few minutes and come back and deal with the presentation of *Les Hebdomas du Canada* in about an hour so it might be possible for us to adjourn this morning at 12.30, which would give us at least an hour and a half for the break at the noon hour.

However, we will play that one by ear.

Now, Mr. Craven, if we can turn directly to your presentation. The brief which we requested from the Canadian Weekly Newspapers Association was forwarded to us more than three weeks in advance, as we requested. You deal in fact with most of the guidelines and questions we asked you to address yourself to.

That brief has been circulated to the Senators and it has presumably been read and studied by them. The procedure we follow, contents of your brief and on your oral statement and in that oral statement you may amplify your brief, you can explain it or

expand upon it, take things out of it, if you wish or anything else you want to do.

Following that we will proceed to the questioning. We will question you not only on the contents of your brief and on your oral statements but on other matters as well.

Perhaps before I formally introduce you I should introduce the rest of our guests. Sitting to my immediate left is the publisher of the *North Battleford News-Optimist*, Mr. Irwin McIntosh, who is the immediate past President of the Association, and Chairman of the Board.

Sitting next to Mr. Craven is Mr. Andrew McLean, who is the publisher of *The Huron Expositor*, Seaforth, Ontario and is the Chairman of the Postal and Parliamentary Committee. On the extreme left the first vice-president Mr. Charles Hawkins of Manitou, Manitoba. His publication is *The Manitoba Western Canadian* and there to the extreme right is the second vice-president Mr. Jack Parry from Rimbey, Alberta where he publishes *The Rimbey Record*.

Mr. Craven, I apologize for such a long introduction but I think some of the things had to be said. Will you now begin.

**Mr. Gerald C. Craven, President, Canadian Weekly Newspapers Association:** Thank you very much. Honourable Senator Davey and Honourable Senators we of the Canadian Weekly Newspapers Association certainly welcome this opportunity of discussing with you this very viable community press which serves very important areas of Canada, be it rural or the bustling suburbs. It is a press, as you know, with the basic aim of helping the individual to understand his local environment. It is an industry generally self-sufficient, containing the seeds of regeneration.

It is perhaps a single voice, shall we say, in a very small community or in a large area when multiplied by the numbers of papers across Canada, representing millions of Canadians.

Now, the Committee has received our brief and I hope they have read it. It is at this time that I would like to review some of the highlights we have put in that brief.

The CWNA has served Canada for 50 years. It is the only nation-wide organization for weekly newspapers. While this Association has some 430 members belonging to it, there are about 800 possible weekly newspapers of



which maybe 600 may be eligible for membership in our association.

The community weeklies will continue and prosper because of a need. The CWNA fosters community service by recognizing it with an annual award. The weekly newspaper informs its readers of what is going on in their own area and this fosters a sense of belonging to the community, without which people lose a sense of purpose.

The weekly is the last strong voice of the community as schools become regionalized, churches amalgamate and regional government bodies are being set up.

It is hard to believe, sir, that there are 24 Federal ridings in which there are no towns greater than 5,000. Likewise there are 52 ridings in which there are towns of a population of less than 10,000.

Now, the newspaper editors and publishers and writers are an altruistic group. They are not in business solely for the purpose of making money. Surely we like to make money but that is not our sole purpose.

Weekly editors seldom take a partisan view of politics. They are very fair and show both sides of a question or a party. The CWNA polls indicate the smaller paper, which presents facts and issues with no strong opinion, is now in the minority.

The weekly media no longer operates without competing media but it is the recorder of the local news and the local scene in that it cannot be duplicated by radio, television or dailies. In a paper of 3,000 circulation, there is an average of more than 1,000 local names each week. In the matter of parliamentary reports from the elected representatives, more than one-half of the papers surveyed recently by us described them as inadequate or intermittent.

Local news fills about 45 per cent of the editorial space in a weekly newspaper of all sizes. Social news about 15 per cent. Local town council averages about 5 per cent. Following the meetings of Council, they could run as high as 20 per cent of local news.

90 per cent of all the editorials of the weekly media are based on local themes, where they comment naturally on things that happen in our own town and our own village and our own area.

Most publishers of the long established weeklies have come up to their position from the shop. On Weeklies of more recent origin are mostly owned by corporations. Many of

the new publishers had advertising or newspaper manager experience or had been reporters on the dailies.

More journalism graduates are being brought into our community press as we look towards the universities for our material.

Well, Senator, may I at this point ask Andy McLean, a member of the CWNA Directorate to give a few more further lights of our presentation this morning?

**Mr. Andrew Y. McLean, Chairman, Postal and Parliamentary Committee, Canadian Weekly Newspapers Association:** Senator Davey and Honorable Senators. Like all media the weekly press is dependent upon advertising for its revenue. Surveys conducted by our Association indicate that it is necessary to carry approximately 55 per cent advertising in a given issue to show a profit.

Of this advertising content, approximately 83 per cent is from local sources. Perhaps it is significant, and the brief points this out, that as national advertising—which at one time was a very prominent part of the weekly revenue—decreases, there has been a corresponding increase—or so it would appear to those in the industry—in public relation releases, both from the government and from industry generally. This suggests perhaps that, perhaps while there is a drying up of national advertising as such, there seems to be an appreciation of the job which the weeklies can do in their particular fields. Otherwise the expenditures of these very substantial sums of public relation activities would appear to be of little avail.

We should point out, and the brief again emphasizes this, that in the face of the changed proportions that are arising in terms of the total advertising picture, the local merchants and the local citizens in the communities, who the weeklies are serving, are increasing their participation in its advertising programs.

These are the people, you will appreciate I am sure, sir, that are most familiar with the task which the weekly in a particular community is doing or can do. It is as a result of that knowledge that they are spending increasing amounts of their advertising dollar to carry their message.

The brief suggests that those responsible for the purchase of advertising on other than a purely local basis are depriving their advertising clients of a share of the market to which they are quite properly entitled.

We pointed out that there may be a decline in the number of small weeklies and this reflects perhaps a drying up of particular communities—the results that flow from the trend towards regionalization and population movement. However, the overall picture is that the aggregate circulation of the weeklies within the CWNA has increased. The degree of audience interest which the weekly maintains within its area is unequalled, we suggest, by any other media.

There is certainly no dropping away in readers of weeklies, as I pointed out earlier, despite the change-over of population from urban to rural.

Circulation, of course, must be a measure of the paper's acceptance and one of the yardsticks by which a person purchasing advertising may determine and appreciate the value that they are receiving.

Most Canadian weeklies are either members of ABC or are participants in the programs carried out by the CWNA to improve circulation.

There has been a reference to a necessity perhaps of a press council. The brief suggests that very little can be seen from the creation of such a body. There is a particular situation obtained in the areas and communities served by the weeklies; the editor and publisher is in day to day contact with those he is serving. He knows them personally or many of them. Certainly if there were any difficulties which might arise as a result of improper use of his media, then he would be very shortly informed of that situation and the economic results would encourage him or discourage him from any further action.

But, on the other hand, should it be determined that such a council is desirable, then the CWNA suggests that it should be composed of persons of the particular area for which it is responsible and that it also include persons who are conversant with and participating in the industry.

Like all other industries, the weekly industry is faced with rising equipment costs, problems of staff, additional wages, but these problems are in the main being met. The brief emphasizes the fact that the industry has within itself the capacity to meet these situations. It emphasizes that there is no desire on the part of weeklies in Canada to aspire towards handouts either from government or from any other agency in order to keep inefficient papers in business.

It only suggests—and the Association suggests—that there should be a recognition that

the weekly can do a task in a given circumstance in the communities it serves in a manner unequalled by any other media.

There have been references to increased postal cost. Certainly this was a factor for a number of weeklies, perhaps a relatively limited number of weeklies, facing a particular situation in the larger centres or with particularly large circulations.

I think that the problem that the publisher faces today is not one so much of postal cost but one of postal service. The fact is that the inadequate delivery resulting in so many areas is causing the industry substantial concern.

Other representations have indicated the assistance which the industry provides to the post office and perhaps that should be emphasized; the fact that all output from publishing offices is labeled, packed and spelled out for a particular destination and that the handling in the rural areas and the community areas in any event entails no additional cost to the post office, certainly not to the extent that was indicated.

The individual subscriber in almost every rural centre is required, of course, to go to the post office to pickup his copy because, of course, in these communities there is no street delivery service.

Those are several of the problems or matters, perhaps, with which the Association is concerned.

I think certainly that the industry looks towards the seventies confident that it has the mechanical knowhow to proceed and that it has the background of editorial opinion and knowledge extending prior to Confederation. It looks forward to the next decade with confidence. Perhaps Irwin McIntosh of the *North Battleford News-Optimist* might develop that particular situation in greater detail, sir.

**The Chairman:** Thank you very much.

**Mr. C. Irwin McIntosh, Chairman of the Board, Canadian Weekly Newspapers Association:** Thank you very much, Mr. McLean. Senator Davey, Honourable Senators, ladies and gentlemen. I wish to give some observations about the future of the Canadian weekly newspaper industry and sum up the opinion of our Association in that regard.

As the weekly industry enters a new decade, inevitably many changes will occur. Corporate weekly ownership will increase. Dailies and groups will continue to reach into the weekly field through new acquisitions.



The number of newspapers with over 2000 circulation will increase. Indeed, that has been one of the salient features of change in our Association in the past decade.

Publishing failures in the weekly field have always been a part of the trade cycle. With the appearance of new technological reproduction methods in the sixties, the numbers of failures, mergers and takeovers rose and will continue, particularly among the smaller weeklies.

Many new weeklies will also be founded in the next 10 years in opposition to established weeklies or in lieu of them, reflecting changes in population movement, the influx of new journalism students, the expansion within the trade itself and the increasing use of general offset printing plants, which eliminate the need for costly production equipment at the weekly's plant or source.

The use of central offset printing plants throughout Canada serving additional established weeklies will increase, serving areas up to 150 miles away. Weekly circulation will increase in areas now served by acceptable publications even if numbers of publications in that area diminish.

Weekly publication dates will vary from a wide spectrum of the weekly calendar rather than the conventional Wednesday or Thursday edition dates.

In the metropolitan areas, where established newspapers exist, a strong competitive spirit, market research and circulation drives will prevent in-roads from new competitors.

In small communities, again reflecting regionalization, which is becoming an increasing factor in our industry, as it is in Canada, expansion by existing weeklies into the surrounding areas, will continue, generally taking over or merging with smaller newspapers in those communities.

The income from the national advertising dollar will gradually increase in the seventies as large companies and agencies re-discover the stability of the print media. Total advertising will increase for classified and local sections of the newspaper. The trend towards deeper community awareness will continue.

Honourable Senators, in summing up the opinion of this Association I would like to say that the nation's independent weekly press is synonymous with the independent community each newspaper represents. Yet, in its coming of age (both editorially and technologically), the weekly has been sharp in the change and crisis of the last 100 years.

Today the publisher is part of the whole local environment which he must constantly interpret and articulate. In the 1950's and 1960's the weekly dominated the media field in the mass use of offset reproduction equipment and have led in building cross-country networks of offset printing plants to sustain their scattered newspapers.

The coming era will bring in further electronic advances to the entire industry and this change-over has now begun.

Despite this enormous importance in the last two decades, while still there is much to be done, the weeklies are determined to use computerized data to renew their image to national advertisers and recapture that market, lost to others.

Today increasing number of escapees from urban living and a new crop of Canadian journalistic groups are heading for the suburbs and smaller communities.

What is usually forgotten about the old-fashioned media is that it was able to survive and emerge as a well-balanced structure within the turbulent field of communications.

The weekly media as represented by this brief has also mapped out its future. Based on its past experience and capabilities the industry generally is self-sufficient, but as in the past, the seeds of regeneration must come from within. It has no need for a "Big Brother" to watch over it.

I would like in conclusion, Honourable Senators, to suggest to you again the definition we place on the weekly newspaper.

"To help the individual understand his local environment is the aim of the community press."

I wish to express to you, sir, the thanks of the Canadian Weekly Newspapers Association for the opportunity to present our views to the Media Committee.

**The Chairman:** Thank you, Mr. McIntosh, Mr. McLean and Mr. Craven. I think we would like to go on the questioning period.

I think, Mr. Craven, we would like to direct our questions to you although the Senators should feel free to direct questions to all of the people here. If you want to comment on any one of the questions, that is fine.

**Mr. Craven:** I do not have all of the answers, Senator Davey.

**The Chairman:** I am sure no one has all of the answers.



**Mr. Craven:** I am sure that we will have free access to your Committee here.

**The Chairman:** I think we will hear from others this afternoon. This morning we want to hear from you people. You say "No one has all of the answers"; Senator McElman doesn't have all the questions, but he has the first one.

**Senator McElman:** Thank you, Mr. Chairman.

Mr. Craven, I understand from the briefs and the remarks which Mr. McLean has made your attitude towards press councils. This is from the weekly's standpoint.

Does your view of that also encompass the dailies?

**Mr. Craven:** No. These views we have come entirely from our own organization, as far as we are concerned.

**Senator McElman:** But the view that you have expressed with respect to your own organization, do you feel that would apply as well in the case of the dailies?

**Mr. McLean:** I have no idea as to what attitude the dailies might adopt. I can see no reason why it would not be perhaps a common situation, but the comments that we included are applicable to weeklies.

**Senator McElman:** But the principles you express would encompass the newspapers.

**Mr. McLean:** Yes.

**The Chairman:** I would like to be more specific on that. Would you favour a press council for the daily newspapers?

**Mr. Craven:** But not the weeklies.

**The Chairman:** My question is: do you favour a press council for daily newspapers?

**Mr. Craven:** What do you think about that?

**Mr. McLean:** Why do you not answer?

**Mr. Craven:** As far as we are concerned we can see the advantage, yes, of a press council if the dailies need one. I can see the advantage of one. I can see the point. It could be used in a daily.

**The Chairman:** Does anybody want to comment on that?

**Mr. McIntosh:** My own opinion, Mr. Chairman, is that that is a very interesting question to put to us. The regional character of

the weekly newspaper is such that a national press council might not give in Canada the type of service that is often envisaged.

I think we must allow the dailies to speak for themselves because latterly we have had very little to do with the daily press in Canada.

Some years ago the two Associations decided to sever their connections and really we have had very little to do with them, as far as the press is concerned.

**The Chairman:** Mr. McIntosh's point is that the dailies should express their own opinion. In fact, most of them have. A great many of them have been here. They have all expressed opinions.

I think the attitude of the Weekly Association to a press council for daily papers is germane. I think we are interested in your view. I do not think you should feel today incidentally that all your comments need be addressed simply to CWNA or indeed to the weeklies.

We are interested in your opinion on the subject matter. We will ask you questions about the entire spectrum and everything you say here is privileged.

**Senator McElman:** I would like to refer to the September, 1969 issue of the *Canadian Weekly Publisher*. That is your organ.

**Mr. Craven:** Yes.

**Senator McElman:** I would just quote from it very briefly.

"Senator Keith Davey told CWNA convention delegates in Halifax... 'You have a good story to tell but you haven't told it very well'".

It goes on in more detail.

The question I would like to put to you is Mr. Craven, what changes have you actually made or proposed that would tell your story better, not only to yourselves but to your readers?

**Mr. Craven:** I think the encouragement of more trained journalists.

I think this has possibly been one of our biggest downfalls or stumbling blocks. Possibly our industry did not have the high calibre of trained journalists that the daily newspaper might have. However, we are working towards this and there are more young journalists coming into the Canadian Weekly Newspaper Association.

Last fall, for example, at the British Columbia Annual Convention we invited the journalism class of the University to sit in. There were seven of the class there. After the three day convention five, who graduated in June, were signed up to enter the weekly press. I think that possibly if we could get more awareness of what is going on in our community, in our areas, I think then we become more involved in the community.

**Senator McElman:** That is fine, but what I am asking is: it is six months since you had your 50th convention in Halifax. I am asking you what concrete steps have you taken or proposed in that six months to achieve what you say here is necessary?

**Mr. Craven:** I do not think there have been any definite steps taken. I would like Mr. McLean to answer.

**Mr. McLean:** No specific steps. However, the programme, I think, Honourable Senator, envisages an increasing assistance through seminars or study groups or that type of thing to equip better the people of the weekly press in their job of discerning the story of their particular community.

Those seminars have been under discussion. They are being conducted, many of them, at the provincial level with certain encouragement from the National Association.

**Mr. McIntosh:** I would like to say that across Canada many of the Provincial Associations have really worked hard and they have tried to bring good speakers and lecturers from the various universities across North America into this type of thing.

I think the real problems, however, that we feel we have, are not the problems in our communities but are national problems. How do you talk to people in Toronto or Montreal who are Montreal orientated to tell them the story of the suburbs, to tell the story of rural Canada?

This is where we have lost out. We have got lost out in our own community, in my view.

Where we have lost out is where the differences are taking place in national advertisers' dollars. I think this is the concern of the Canadian weekly newspaper industry.

**The Chairman:** I will ask Senator McElman: did your question relate to the sales and circulation or to editorial content?

**Senator McElman:** I was referring specifically to the editorial content and getting the story of the weeklies across.

On page 5, paragraph 3, of your brief your state: "That only such newspapers as perform a service to their communities are accepted as members."

In numerous letters, briefs and materials that have come to our attention, we have been told that the weeklies are primarily a business rather than a community service.

Your brief is silent here. Would you care to comment?

**Mr. Craven:** Well, it is a business too.

**Senator McElman:** I said "primarily."

**Mr. Craven:** I would say so. I would say we are primarily a business association, although our members do have to live up to certain requirements in order to obtain membership.

For example, they have to have a certain percentage of editorial content in a paper.

Classified in the 874 papers, which Senator Davey mentioned, would be included a lot of publications which are being published as a weekly newspaper—and they are weekly newspapers because they are published weekly—but they are advertising sheets with no editorial comment whatsoever in them. We say they must contain a proportion of editorial comment.

**Senator McElman:** These people would not qualify.

**Mr. Craven:** No. that is the reason I say there are only 600 that would really qualify for membership in the CWNA.

**Senator McElman:** In addition to these two qualifications required, what other requirements are there for membership?

**Mr. Craven:** The payment of dues, which is one of the reasons why we have possibly lost as much of our membership as we have. We could have had a much larger membership if these members did not have to pay dues, but no organization can operate without having financial assistance coming in from some source.

**Senator McElman:** You do not feel the dues are prohibitive to some newspapers?

**Mr. Craven:** They do.

**Mr. McIntosh:** May I interject?

**The Chairman:** Yes.

**Mr. McIntosh:** One of the things that has always concerned our Association is the large amounts of Canadian advertising in what are supposedly weekly newspapers when many of them are not. They are not newspapers with emphasis on the news. They do not perform a total reporting of their communities and they would not qualify for membership in our Association because they do not. This is one of the things that disturbs us when someone says there are 874 weekly newspapers in Canada.

What Canadian advertising has done too often is changed a weekly into a classified publication. That is something to which we object.

**The Chairman:** I have just been listening to your figures. There are about 170 weekly papers in Canada—have I anticipated your question?

**Senator McElman:** No, please go ahead.

**The Chairman:** ...which do not belong. Why do they not belong? Are they not qualified for membership?

**Mr. McIntosh:** No, Mr. Craven just said, sir, there are 600 who could belong. The brief says of the 430 who do, a good portion of those may disagree with some of the objectives of our Association, that we are not active enough in our solicitation of national advertising. That is one way in which we find ourselves in a box. That is only one view.

**Senator McElman:** Some have expressed that view.

**Mr. McIntosh:** Some have expressed that view, yes. There are differences of opinions as to the objective of our Association. In addition there are a lot of marginal weekly newspapers in Canada that may not be able to afford our dues.

**The Chairman:** But he said 600 could belong and there are 170 who do not. I am curious. Do you solicit membership from these 170? Do you approach them to belong to your Association?

**Mr. Craven:** One of the problems we have is that at the present time we are only now going out after these 170. We will be reaching them. We are going to put on a very strong programme of encouragement.

However, first of all, we will do it by mail and then we will do it by personal contact.

We are going to see what is wrong. What is it we are not doing and what is it we should be doing.

**The Chairman:** Do you reject applications?

**Mr. Craven:** No, we do not reject applications unless they cannot fulfil our requirements.

**The Chairman:** How often does this happen? How many applications for membership have you rejected in the last year, for example?

**Mr. Craven:** We have not rejected any that have ever come to us that have been living within our requirements.

**The Chairman:** To how many who have come to you, have you said, "I am sorry, you do not qualify"?

**Mr. Craven:** None. This has not been happening.

**The Chairman:** For my own information, I would be curious to know. Are there member papers—this is not a question that I am putting to you—are there members of other papers represented here who are not members of the CWNA?

**Mr. Craven:** There are some, yes.

**The Chairman:** That is something we might well talk about this afternoon.

**Mr. Craven:** I did mention there are some people who are not members here.

**Senator McElman:** I have before me a brief of a non-member and this comment comes from it. "For a good many years we were members of CWNA but resigned our membership a year ago when we decided that the Association was not sufficiently interested in the opinions of its members but was inclined to live in an ivory tower."

Would you comment on that?

**Mr. Craven:** Well, I think our ivory tower has fallen, if that is what they think has happened. I would certainly welcome them member into our membership here because think we can offer that member some reasonable services that he will want or can use.

I will admit that two or three years ago we launched on various projects which did not materialize with the result members felt we were not fulfilling our duties.



We are certainly interested in every Canadian weekly newspaper. If we were not interested, we would not be here today. We do think the strength of the Canadian weeklies is their pride and there is every opportunity for a member to join.

We want him and not only do we want him, but we think he needs us.

**Senator McElman:** You would say, Mr. Craven, that the comment we used to hear several years ago from so many of the weekly publishers or owners, that the CWNA convention was simply a fine social gathering, is no longer applicable?

**Mr. Craven:** Well, there is certainly lots of sociality at a convention but we try at every convention to have something very worthwhile for every paper, if they would only attend. We have seminars.

We bring in outstanding speakers to give all kinds of advice. We try to give them something that is really worthwhile. I think many of those member papers who should be receiving our message are not there.

**Mr. McIntosh:** I just want to assure this audience—if I may interject, Mr. Chairman—that we thought so highly of the Senate Committee that we invited its Chairman to our convention this year. We do hold our conventions right across Canada and by doing this we think it encourages publishers to attend them.

If we hold one in the Maritimes we rather expect more Maritimers to be present. If we held them in the west, we expect more westerners. Of course, that was said jocularly.

**Senator McElman:** Yes, I appreciate that.

**The Chairman:** That certainly demonstrates they do not always have outstanding speakers.

**Senator McElman:** Mr. Craven, would you explain the relationship between your Association and the provincial Weekly Newspaper Associations and Les Hebdos du Canada?

**Mr. Craven:** Well, as far as the provincial Associations go, we work closely with them and, as a matter of fact, we have representatives...

**Senator McElman:** Are you a federation?

**Mr. Craven:** No, we are not. We hope that this is one of our shall we say—ivory tower thoughts. He hopes that some day we

will become a federation. The members feel this should mean that as far as there should be one schedule of fees and we should be a federation tying together all the provincial ideas and ideals.

Rather than to be working on conflicting interests, we should be working together.

At the present time we are both selling national advertising. Provincial bodies are selling provincial advertising and they are after provincial dues. We are after national dues.

There is a certain amount of continuous conflict in a friendly way. However we work together harmoniously. For example a provincial organization will come to us or we will go to them, especially if there is a problem or anything and we do help one another.

So there is great harmony between the two. However, we can see where a federation would be the ideal. Our past president of this Association said—this was 15 years ago—we should be a federation, and I think I believe that.

We have had co-operation with Les Hebdos. They have their own organization and they work very well in their own group. But we have worked together. We have worked with them and we will continue to work with them in the years to come, because I do think this organization should be a combined organization of all Canada.

I mean, after all we are not going to isolate from the national body one part because it happens to have its own body of members. We invite them and they work very well with us.

For example, when we have a meeting in Montreal or Quebec, they are there and we are with them.

**Senator McElman:** In your brief on page 27...

**The Chairman:** I wanted to ask you some questions about Les hebdos. I want to interject a supplementary question.

As I understand it from their brief, Les Hebdos from time to time have been on record as supporting the idea of a press council.

Why would they support it and you would not?

**Mr. Craven:** Maybe they need it.

**The Chairman:** Why do you think they need it and you do not need it?

**Mr. Craven:** I feel that we still have within our own organization areas—if we make a mistake...

**The Chairman:** Do you think they need a press council?

**Mr. Craven:** I do not see why they need it any more than we would.

**The Chairman:** You do not think they need one either?

**Mr. Craven:** No, I cannot see why they need one.

**Senator McElman:** On page 27, paragraph 74, under the heading of "Ownership by Acquisition" you say:

"The Brief is not discussing in detail the merging, takeover, or acquisition of weeklies by groups, dailies, or other corporations."

In view of the falling total number of weeklies in Canada with reference particularly to one group of them—it does not apply only to the Thomson group, which appears to be moving towards strong weeklies and with the stated view of raising them to dailies—do you not think it is rather important to the future of the weeklies and to your Association in particular that you should refer in some detail to this developing situation?

**Mr. Craven:** Well, I can see where there are going to be more takeovers by larger corporations. I think, as far as the Thomson group are concerned or at least as far as their point of view is concerned, they are still members of CWNA. All their weekly papers—I believe they have 13 weekly papers in Canada—are members of the Canadian Weekly Newspapers Association, as far as I know. The other group—*The Telegram* group, the Inland Printers around Toronto, who purchase some papers there; I think this was a move which was necessary for them.

**The Chairman:** For whom?

**Mr. Craven:** For the dailies. For *The Telegram* in order to maintain and hold that market because I think they were afraid there would be in-roads by some other organization that would cut into their territory. They are all members of the Canadian Weekly Newspapers Association.

**The Chairman:** I think you really never answered the question Senator McElman

asked, which was: why do you not discuss these things in your brief? Why do you feel you should not comment on the subject?

**Mr. McIntosh:** I do not think within the total membership or circulation of the Canadian weekly industry that it is a very significant section.

**The Chairman:** It is a section though.

**Mr. McIntosh:** It could be. In a smaller community, Senator Davey, this competition is a relatively easy thing. If they do not perform a viable service in a community, it is a relatively simple thing to have competition. They must perform efficiently or they will have competition.

After all, to publish a weekly newspaper is not as difficult a thing as to publish a daily. Someone said it probably takes several million dollars to establish a daily. That is not true of a weekly newspaper.

**The Chairman:** This point is not one which concerns you then?

**Mr. McIntosh:** I do not think it is, sir, no.

**The Chairman:** I thought one of the great virtues of a weekly newspaper and one which you have talked about in your brief at length, is that it maintains interest in local issues.

I think the word you used was "understanding his local environment."

Can you continue to understand one's local environment if there is an on-going process of absentee ownership in the weekly newspaper industry?

**Mr. McIntosh:** My reference would be to the effect that, if that ownership does not provide a viable service, it will have competition. I think that some Thomson papers have had serious competition.

**The Chairman:** May I ask another question. The question is: does the Association have any concern about the concentration of absentee ownerships?

**Mr. Craven:** We may have absentee ownership but we certainly do not have the absentee of an operation group. They still maintain their editor and their publisher in that area. These areas are the only thing about which the papers are concerned.

For example, none of the papers around Toronto flow out into other areas. They concentrate on a certain area. That is all they have and there they maintain an editor w

is interested in that area and works for that area.

**The Chairman:** In one of those papers, if there was a conflict of editorial judgment between the editor and Mr. Bassett the general manager how would the conflict be resolved?

**Mr. Craven:** If there were a conflict between Mr. Bassett and the editor, Mr. Bassett would have the last say.

**The Chairman:** Even if he may have lived in that town all his life. Is that a good situation?

**Mr. Craven:** Well, it is not a good situation but it is the one which exists. We have to face it.

**Senator McElman:** Thomson acquisitions are for the most part in one-newspaper towns. Is that right?

**Mr. Craven:** Yes.

**Senator McElman:** But they remain members of your Association. Let us say the approach of this group or another merging group—since you say it is not a difficult thing financially to insatll competition in a one-newspaper town if the incumbent is not doing its job, were not acquisition, but the establishment of competition by a financially-strong chain, which is a thing you say can come. What would be the attitude of your Association to this approach?

This is acquisition at the local level by a head office which performs services for all of the accounting, billing, obtaining of advertising and so on.

What would be the attitude of your Association if the Thomson chain, rather than by acquisitions, established new complete plants such as you refer to? What would be your attitude toward the chains?

**Mr. Craven:** I do not know how to answer that. I can see this has happened and is happening and in one case it has happened.

**Senator McElman:** Which is the case? We would be interested to know.

**Mr. Craven:** The case I have in mind is the one at Pictou, Nova Scotia. This is a case where a strong financial body moved into the area.

Now, I did not think it was our place to go to this member of our Association and tell him he cannot go in there. Possibly if the papers in those areas might have been a bit

stronger, maybe he could not have got a toe-hold. But he has got it now.

**The Chairman:** I think the Senators would be interested in a brief resume of the circumstances in Pictou.

**Mr. Craven:** Apparently what happened...

**The Chairman:** There was a weekly paper?

**Mr. Craven:** There was a weekly paper. As a matter of fact it was a weekly paper of a fair sized circulation and...

**The Chairman:** ...who was a member of the Association?

**Mr. Craven:** And who was a member of the Association and still is a member of the Association.

Another member of our Association who is strong and who has an extra good paper at Yarmouth wanted to expand. I know his plans. At least, I have an idea that in a way he hopes eventually to get into the daily field.

Whether or not he does, I do not know, but he wanted to expand his operation out of Yarmouth.

He approached the other paper at Pictou to see if he could buy it. All he wanted to buy was the circulation. He did not want anything else. The price he offered, possibly they felt was too low. Maybe it wasn't. I don't know.

Then he said I will start up anyway. Apparently he has.

There was some opposition by the other weekly newspaper around that area because they felt it was not right that a man should come in on his neighbour and do this.

**The Chairman:** So presently there are two weeklies published in Pictou?

**Mr. Craven:** Yes.

**The Chairman:** They are both members of the Association?

**Mr. Craven:** They are both members of the Association. Where do we stand? We cannot go to one and say "Keep away." We cannot go to the other one. Both are good members.

**Senator McElman:** Under the circumstances that is true, is it not? At one point the provincial Association could have tried to stop this thing happening.

**Mr. Craven:** They tried to. It was their opinion that they should do this.



**The Chairman:** You do not have the same attitude.

**Mr. Craven:** No.

**Senator McElman:** Just one further question along this line. Do you feel that if it is not a group, such as Thomson again, that the really local newspaper weekly could actually survive against such competition? If they came in in Pictou—I am not saying they would—but if they did, could you survive it?

**Mr. Craven:** If they are financially and actively able to participate and fight the establishment, shall we say, they could survive.

But if they just more or less throw up their hands, I would say they would die and that could happen.

I think there are a number of Thomson papers that have been purchased because the owners wanted to sell and they had a good strong weekly newspaper. Very few people have sufficient funds with which they can outbid them.

I think this is one of the reasons that publishers of weekly newspapers are going to Thomson. I do not think that Thomson approaches them nearly as much as the local publishers approach Thomson and say, "Will you buy my paper that is making \$25,000 or \$35,000 a year?" "Here is a paper that I will sell you."

**The Chairman:** You say this does not concern you. At what point would you become concerned.

**Mr. Craven:** Well, as long as the Thomson paper still belongs to the Association, what is the difference?

**The Chairman:** What if Thomson had half the papers. Would you be concerned?

In other words, one of the questions we have been trying to answer here is: how much concentration is too much? We have heard a lot about concentration.

Certainly there are many valid reasons why some of these things are happening but notwithstanding the validity of many of these reasons, at what point does the concentration become a concern to your Association?

**Mr. McIntosh:** I hate to be interrupting all the time but I think one thing is clear that in many locations where Thomson has purchased a weekly newspaper and turned it into

a daily, the next day he wakes up and he finds he has a weekly newspaper competitor.

You can look across Canada. You will find this very thing happening. I know it has happened in Kamloops. I know it has happened in many communities across the country where all of a sudden you have an ownership that is not local. The next thing you find the real weekly newspaper has been turned into a chain. I will come back to the point.

**The Chairman:** May I ask you a question. I was going to ask you your attitude towards concentration of ownership in the daily newspaper field. Does this concern you at all?

**Mr. McIntosh:** I think it concerns every Canadian. My own opinion is that the locally-owned newspaper is the best thing for a community. I make no bones about that contention. I think probably most of our publishers feel the same way.

We certainly have learned an awful lot of lessons from chain operations and yet, on the other hand, it was the locally owned newspapers that pioneered the offset press and electronic reproduction in the newspaper industry which has become so paramount.

So, maybe we have taught them some things.

**The Chairman:** Senator Smith?

**Senator Smith:** I would like to have a comment by somebody present or someone else at the table with regard to whether they believe it is in the public interest in general and in the interests of the service to the community and indeed to the owners and publishers of small country weeklies in a province as small as Nova Scotia that absentee ownership should be growing there at the rate it is.

I would like to refer to something. All I know is what I read in the newspaper and in this instance it is a daily paper. The Halifax newspaper tells me that a publishing company in London, Ontario very recently bought out the *Truro Daily News*, which is a small daily newspaper, and other small weeklies in central and eastern Nova Scotia, which was owned by the former owner of the *Truro Daily News* and one or two are pretty substantial weekly newspapers.

What also bothers me is the effect on the local industry in some of the small communities because I am told by the same news item that one of the intentions of the new owner from London, Ontario, is to install very expensive offset printing presses which will

give them the capacity not only to publish a daily and these weeklies but to take on other customers.

Now, with the combination of what is happening to western Nova Scotia and this trend to gobble up individual ownership and be responsible, in other words, for the local information and service which you people have given over a good many years—does this worry you as an organization and personally?

**Mr. Craven:** Yes. I can see where this loss of local ownership certainly must have an effect on the community. If it is not funds that they are after—and I do not know what the financial picture of some of these are—and if the paper is dying and is taken over by some of these larger groups, then I think it is good for the community.

I would hate to see a large corporation gobble me up.

**Senator Smith:** Do you think there is anything one should consider doing about the situation? It could very easily develop into acquisitions owning the whole weekly newspaper publishing field in the Province of Nova Scotia.

**Mr. Craven:** That is right.

**Senator Smith:** Is that good for our province?

**Mr. Craven:** No. It might be economic. This might be the thing that is causing it or bringing it into force.

**Senator Smith:** It sort of worries me in principle really. Thank you.

**Mr. Craven:** I know your own paper in your own town very well. I know you must be very concerned about it.

**Senator Smith:** Yes, we are concerned in the community of Liverpool, Nova Scotia, with regard to that weekly; the *Liverpool Advance*, which has been published for a good many years.

**The Chairman:** I am afraid campaign speeches are not in order, Senator.

**Senator Smith:** Well, I will have to find my own lunch ticket.

**Mr. McIntosh:** May I say something here? There are two different situations entirely here. I think one is centralized printing and the other is centralized publishing. There are a great number of newspapers which have

nothing to do with the editorial content or ownership. It is simply put up as a commercial printing shop.

Of course, there is centralized ownership which is a creation sometimes out of the same pot. There are two different concepts.

**The Chairman:** Have you anything further, Senator Smith?

**Senator Smith:** Yes. This has nothing to do with the former subject. I was interested in some information with regard to combined advertising services that has a nucleus, I understand, of 23 weeklies in British Columbia and Alberta for the purpose of getting advertising.

Is that one of the reasons why the Canadian Weekly Newspapers Association has not been able to project themselves into national advertising?

**Mr. McIntosh:** I think in order to provide that kind of service, specifically, you can do this more as a regional paper, if they can have a provincial group which will work for their own organization. I cannot see a larger provincial group supplying me with advertising from their area, but they can certainly get advertising for their own papers and from their own partners.

**The Chairman:** Senator Kinnear?

**Senator Kinnear:** Mr. Chairman, I wonder if someone would tell us how many weeklies are using offset printing now?

**Mr. Craven:** I think 55 per cent of our membership at the present time have gone offset and the trend is moving fast, very rapidly.

In Southwestern Ontario I can only think of about three papers west of London that are printed by any other means than offset and this same group print 23 of its papers in its own shop, in one central shop.

**Senator Kinnear:** That happens to be the same percentage of advertising you have in the papers, 55 per cent, and it is much cheaper, I presume?

**Mr. Craven:** Yes. Not only much cheaper but the reproduction is far superior to letter press.

I think that is the biggest competition that the dailies have because we can reproduce so much cheaper and so much better. This is one reason why we get recognition.

**Senator Kinnear:** Are you using a great deal of colour?

**Mr. Craven:** We do use colour, maybe not as much as we should, but we do use it. We use it, and as a matter of fact we go to full colour.

**The Chairman:** Mr. Craven, I want to ask you one last question and then we will turn to Les Hebdos.

I note on page 20 of your brief you talk about the weekly as a 'national advertising vehicle'. You say: "The benefits the weekly community press can offer the national advertiser include..."—and then you list six benefits. You really do not quote facts and figures except to say that advertising agencies are preoccupied with "market penetration as the sole measure of determining advertising success."

However, as I said yesterday with the underground press, we are living in a real world. These people laughed but you will not. We do live in a real world. The simple fact of life is that the agencies, as I understand it, want these facts and figures. What steps is CWNA taking to provide that kind of information to advertising agencies?

**Mr. Craven:** We have had what is known as a rate and data manual which is published supposedly every two years. We feel that this organ is not sufficiently up to date.

We are giving some consideration to computerizing our material so that we will be able to give the advertiser instant information as to the number of homes a market has. That is on that very point and that is what we are hoping we can do eventually, but this is another project which we intend to give some consideration to maybe this week as we meet in our semi-annual meeting.

**The Chairman:** Would you agree that to secure national advertising your own paper—as an example, I am asking about your specific paper—will almost have to take part in a group approach, that is the CWNA approach.

**Mr. Craven:** I think so, yes. I think a paper has very little chance because...

**The Chairman:** The rates are so low for an agency that a 15 per cent commission is meaningless to the agency. They cannot really put on a production.

**Mr. Craven:** That is it exactly and I think possibly this may be one of our downfalls in

not getting more national advertising. The fact is that we are not prepared to give sufficient commission to the agencies because it does cost considerably more to service the weekly newspapers than it does to service daily newspapers.

**The Chairman:** But you still have not taken any specific steps. You are saying you are going to discuss it. It seems to me you are always saying you are going to discuss it. Is that a valid observation?

**Mr. Craven:** It is a valid observation and it is one observation which is being looked into very closely and there are immediate steps being taken. We are hoping to start within the next two months to look right into the business of getting material available.

**Mr. McIntosh:** I just want to say, Senator Davey, this has been one of the failures of the weekly newspaper industry in Canada.

I happen to be the Vice-President of two groups that are operating in the national advertising field and on each occasion just before I took the next step up the ladder they saw fit to either merge in one case, or to disband in another case.

The problem we had was one of resources, one of high costs to individual members and regionalization, particularly regionalization, I think, in Canada.

The fact is that it is probably better for the Canadian weekly newspaper to market advertising on a regional basis—as the group in British Columbia have done so successfully, I might add—rather than on a national basis. I would think probably one of the hopes of our Association is that once the regions are convinced about the business of selling regional advertising, we might have some type of national sales organization come from these particular groups.

**The Chairman:** Well, if I may volunteer what I consider to be a rather realistic observation which is even more apparent to me now than when I met many of you in Halifax before the Committee got underway. I am very impressed that the weeklies could develop an effective advertising sales approach. You are in major league competition.

Senator Bourque, do you have a question?

**Senator Bourque:** Yes. There is one I would like to ask, and that regards the scarcity of English weeklies in Montreal.



I would like you to know, sir, why I can get eight or ten French weekly newspapers, but no English on Sunday. You can probably get *Montreal Star*. You have the *Gazette*. You can get the *Toronto Star*. You can buy those, but those are daily papers. But if you want to read English literature on a Sunday—I am French-Canadian, but my wife is English and I have to buy both for myself and for my wife—you cannot.

I can buy seven or eight papers for myself but for my wife I can only bring her *The Enquirer*, which comes from the United States. I was just wondering why there were not more English weekly papers published.

**Mr. Craven:** I think, Senator, quite a few English weekly newspapers are being published in Montreal and in that area.

**Senator Bourque:** Would you give me the names.

**Mr. Craven:** Well, there is the *Montreal Monitor*.

**Senator Bourque:** Yes. That is only part of Montreal. I will leave out Outremont and I will leave out the little weekly papers. We have Lachine in our place plus I am thinking of the weekly paper that gives out the news like *Le Petit-Journal* and *Photo-Journal* and all those weekly papers.

**Mr. Craven:** We have eight or ten of them. We have no papers of that nature. Perhaps Mr. Miller would care to answer for me regarding that.

**The Chairman:** I am going to rule that out of order. We will be talking to Mr. Miller this afternoon.

**Mr. Craven:** There are only regional papers which are published in Montreal in English, I understand it. For example in Westmount there is the *Westmount Examiner* and there is the *Montreal Monitor* in each group, but there is no overall weekly newspaper covering the entire City of Montreal.

**Senator Bourque:** Frankly I think there could be a big sale if there was.

**Mr. Craven:** I understand they tried to set one up in Quebec, but it lasted just two months.

**Senator Bourque:** Well, some papers, you know, last a long time. It depends on the administration. I think if an organization

would start up a weekly newspaper or if a couple of weekly newspapers started with all kinds of news, like the French papers, there would be a great market for them.

**The Chairman:** Well, thank you, Senator. Thank you gentlemen.

May I say for the benefit of the members of the CWNNA and for other people in the room, there are many other questions which we have to ask you but I should remind you, as I did in my opening statement, that this afternoon we will be hearing from people at the microphones and the Senators will be available to question you at that time.

I certainly have many questions and I am sure others will want to ask you questions. Perhaps we can deal with many of these questions this afternoon.

I will now thank the CWNNA and I would ask the representation of Les Hebdomadaires du Canada to come forward please.

Thank you very much, gentlemen.

I had said earlier that I might adjourn now for some sort of coffee break. I am afraid our timetable will not allow us to have any formal adjournment, so with the exception of the Senators, I may say if any of our guests wish to go into the other room and partake of coffee, that is their pleasure.

I am not urging you to leave. I hope you will stay and listen to this brief.

I may say the other representatives we have had before us from Quebec have not been this shy.

Short recess.

**The Chairman:** If I may call the meeting to order. I would like to begin by introducing the representatives who are here from Les Hebdomadaires du Canada.

Sitting on my immediate right is the President, Mr. Yves Gagnon. Mr. Gagnon is the publisher of *Le Canada-Français*, St-Jean, Quebec.

Interestingly enough, he was telling me just a moment or two ago that he has very recently been appointed a professor of journalism at Laval and of course has now moved to Quebec City.

Sitting on his right is monsieur Lucien Fontaine, who is Honorary Secretary of the organization. Mr. Fontaine has five papers in the Abitibi region of Quebec.

On my immediate left is monsieur Vincent Rodrigue, publisher of *L'Éclaireur-Progress*, St-Georges-Est. He is the First Vice-President of the organization. Sitting next to him is monsieur Fernand Berthiaume. Mr. Berthiaume publishes a paper in Lachute, Quebec. Mr. Berthiaume is the Second Vice-President. And sitting next to him and also next to Senator Bourque is monsieur Jean-Paul Légaré, who is Permanent Secretary of Les Hebdos du Canada.

Mr. Gagnon, the brief which you were kind enough to prepare unhappily has only arrived within the last 24 hours. This has certain disadvantages for us. One is that we have been unable to translate it, so this is a problem for some of us who are English-speaking.

Secondly, even for those who are French-speaking, there really has not been an opportunity to study the brief. I am going to suggest, therefore, that you could perhaps call on your academic abilities to summarize it for us now and then we will proceed to question you.

**Mr. Yves Gagnon, President, Les Hebdos du Canada:** Yes. Like I...

**The Chairman:** In French, if you wish. We have simultaneous translation.

[Translation]

**Mr. Yves Gagnon, President of Hebdos du Canada (Canadian Weeklies):** As I mentioned a while ago, I wish to apologize for the fact that the brief was submitted late. And for the reasons that you gave, since I was called a month ago to become a permanent professor at Laval University, I had to reorganize my own newspaper, I had to move to Quebec City and I had to acquaint myself with the new duties that have fallen on me. I shall try to avoid having to refer again to certain points which have been mentioned in the CWNA brief and which are identical to the points we raise in our own brief.

With regard to Canadian Weeklies, of about 170 weeklies listed in Canadian Advertising Rates and Data, 90 are members of Hebdos du Canada. If we disregard 30 English-language weeklies, some fifteen semi-monthly papers and another fifteen metropolitan weeklies devoted exclusively to advertising, we can conclude that more than 80 per cent of the French-language weeklies belong to our association.

Here, I would like to digress a bit. Your Committee undoubtedly knows that there is another French-language association of week-

lies known as the Hebdos A-1. This association, contrary to popular opinion, is neither an integral part of Les Hebdos du Canada, nor a social and professional association competing with Les Hebdos du Canada. More precisely, it is a commercial association devoted exclusively to the promotion of advertising for its members. With one or two exceptions, all the members of Hebdos A-1 are also members of Les Hebdos du Canada, each association pursuing different goals.

For more than 15 years, Les Hebdos du Canada has tried to enable the regional weeklies to become aware of these new demands. In 1956, in co-operation with the University of Montreal, the association organized refresher courses which were given for more than four years and which led to a recognition of the courses.

Since 1961, in co-operation with the Quebec Department of Education, Les Hebdos du Canada have been organizing annual travelling clinics. The purpose of these clinics is to improve the quality and profitability of regional weeklies and they deal with subjects as varied as editing, gathering and disseminating of information, language quality, photography, graphics and layout, local advertising, printing, administration etc.

By holding these clinics in the various regions of Quebec, the association is thus making available to regional weeklies the technical resources which until now has been reserved for the large daily newspapers.

Hebdos du Canada also offers several other services: negotiation of a collective agreement in the printing plant; representation to possible advertisers; representation to various public and private organizations.

There is too great a tendency, even within the information media, to minimize the importance of the regional weekly press. However, certain examples provided by recent polls show the importance of this press. Hence, a poll published in a daily last year showed that in one Montreal neighbourhood more than 90 per cent of the people read their neighbourhood weekly, while the daily paper reached only 60 per cent. Another survey, at the college level, showed that more than 70 per cent of the students read the local weekly whereas the daily paper was read by less than 40 per cent in the same milieu.

There are still a good number of weeklies which we could describe as "homespun" but the number seems to be steadily diminishing.



Increasingly heavy competition which has led to the disappearance of several dailies in America is as alive and often harder on the regional weekly press. Hence, regional weeklies voluntarily choose the type of information they publish. Even the most isolated citizen is able to get, from sources other than is local newspaper, general news items, whether it is from television, radio, the daily or the national weekly.

But what these media cannot give him is adequately complete information on the activities and events that are most immediate to him and affect his daily life. It is such current events that are most important to the citizen. If the war in Vietnam is, objectively speaking more important than the municipal council's decision to raise taxes, the fact nonetheless remains that this latter question affects the citizen more directly and more immediately.

It is obvious that too narrow a concept of the social, economic and political factors may cultivate and develop chauvinism and hinder the creation of a more open mind on the basic realities. Through its clinics, seminars, discussions, our association is trying to orient the regional press towards a wider open-mindedness.

The function of the regional weekly is becoming fundamental in the regions farthest away from the large decision-making centres. These regions are most often economically, socially and culturally under-developed and individuals are often far removed from one another. Under these circumstances, the regional weekly becomes the only means of informing the people, of obtaining feedback, of providing a link between people and of creating a regional social awareness which may make it possible to adapt to more broadly-based structures.

This is the basic reason which convinced the old Post Office Department to accept special conditions for regional weeklies with a circulation under 10,000 copies delivered in municipalities with a population of less than 10,000. In such a region, revenue from national or local advertising and from sales was not adequate for ensuring the paper's financial balance, since production costs were higher, because services were far away, and information was more difficult and more costly to gather.

We believe that the government must promote the survival of these small newspapers because their disappearance would mean that

a major portion of the Canadian population would be kept at the edge of the life of the community, with all the social dangers this could entail.

The number of professional journalists has increased considerably in the regional weekly press, even though co-operation, often voluntary, remains an essential factor of survival for the majority of weeklies. For too long, journalists have been unrecognized and consequently poorly paid. Today salaries paid to journalists compare favourably to those paid in the daily press. However, the scale of increase is generally less and this can be explained in various ways. Many leave because the regional weekly press most often serves as a journalism school. Once the journalist has acquired enough experience, he then prefers to head for an environment which offers him more opportunities for advancement. Others, because they have acquired general experience, are sought by various public or private organizations.

For the regional press, this exodus represents a fairly high cost which is far from being compensated for by the increase in advertising rates or sales revenue. We believe, however, that that is the price we have to pay for providing better penetration into our milieu and thus avoiding being the victims of competition.

Just like the CWNA, we have noted that in regional weekly newspapers that are aware of their information role, advertising generally represents 55 per cent of the volume, whereas 45 per cent is devoted to editorial content. The 10 per cent difference ensures the profit and I believe a profit which is far from being excessive.

National advertising has declined tremendously in the regional weekly press in the past fifteen years. It rarely represents more than 15 per cent of the total advertising volume in the paper, whereas there was a time when it reached 50 per cent and even more.

There are many factors to explain this decrease: many budgets diverted to television; the search for fast profits and administrative efficiency by advertising agencies; lack of information on the regional weekly press, etc., not to mention the increasing accessibility to general information and of the media which convey this information.

This decrease in national advertising has been fatal for a large number of newspapers.



Others have succeeded somewhat in overcoming this deficiency by developing local advertising, when the market so permitted. But, once again, it is the smallest newspapers, those which nevertheless are essential in their communities, which have suffered the most.

Local advertising has become the only real source of revenue for weeklies. It has increased appreciably in the past few years because a large number of newspapers have made local businessmen aware of the necessity of making their products known, in the face of increasingly fierce competition. But the local market nevertheless remains limited and it is feared that certain practices and events, which will be discussed later in our forecasts for the future, are endangering the regional press.

As for composition and printing, we can but repeat what was said by the CWNA, that is, there is a centralization and concentration of printing plants, and that more and more regional weeklies are being printed in large centralized printing plants. We can predict that in a short time even the composition of newspapers will be done in that way. This is quite interesting. The regional weekly press was the first to adapt to new techniques in electronic composition and off-set printing.

At present, 85 per cent of the weeklies are printing using the off-set process.

Whereas previously regional weeklies were distributed almost exclusively by mail, an important change is being witnessed today. Wherever a concentration of population justifies it, the weekly prefers to establish a truck distribution system or sales through newsstands. The main reason for this change is unquestionably the debatable quality of service of the Canada Post Office. Whereas a truck can deliver the paper within two or three hours after it is off the press, the Post Office does not often worry about taking two or three days, if not more.

An autonomous distribution system is sometimes more costly, but readers' and advertisers' requirements no longer permit the risks involved in the government distribution system.

Once again, it is the newspapers published in the more sparsely populated areas which cannot make this choice and which must of necessity use the Canadian postal system.

We are going to try and submit certain forecasts on what the regional weekly press will be in a few years, taking as a basis the evolution in recent years, and the knowledge

of certain facts which may influence the evolution of regional information. You will surely understand the risks of such an analysis and we are aware of them.

If certain facts lead us to expect in the long run the eventual disappearance of the regional weekly, it will survive in the short run by adapting to the new needs of readers and advertisers. However, we predict the disappearance of a large number of regional weeklies within 5 to 10 years. However, in some cities, we note the amalgamation of two or three weeklies; in others, a weekly is clearly taking the initiative over its competitors which are no longer profitable; finally, some weeklies are becoming too big to remain weeklies.

We believe that Quebec could produce a larger number of dailies. Though the administration factor is important, it is not the only one. According to "World Press, Newspapers and News Agencies", published by UNESCO, 1964, English-language daily newspapers in Canada accounted for 82 per cent of the market while French-language dailies represent only 18 per cent. Economic factors including smaller revenue, reduced advertising, etc., as well as educational and cultural factors, are less likely to promote the profitability of the French-language daily. Though it is possible in some American cities to keep a daily alive with a population of less than 10,000, in English Canada, there must be 30,000, and in French Canada, 50,000 or more.

It would be normal for certain regional weeklies to become regional dailies soon and the concentration of the press could facilitate this change-over. But in regions where there is a strong weekly, this change-over must be made by that weekly and not by the setting up of a newly created daily, which would only divide an already limited market. Local and regional information will remain for a long time still the main concern of the readers since it meets the citizens' most immediate needs. It matters little how the information is disseminated, this type of information must continue since it contributes to preventing the depersonalization of the individual and the deterioration of essential social structures.

Journalist Jacques Kayser wrote in his study on the techniques and policy of information, entitled "Death of a Freedom" (1955):

"Grave harm has been done to the community by the suppression of the 'little newspapers', because they are the ones which best interpret local feelings and aspirations, and they often help to con-

tribute to the creation of a true national image."

If we do not want to widen the gap between the leaders and those led, allowance must be made for this need, even if it is not too financially profitable. The interplay of economic forces in a free society often gives rise to social ills which afterwards become extremely costly for that society as a whole.

If national advertising represents no more than a minute part of advertising in weeklies, any appreciable decrease in local advertising would signal the disappearance of that "little press" about which Jacques Kayser was speaking.

Thus, the concentration that we find in the press is even greater in the field of consumer goods. In each of the localities, the number of stores and businesses belonging to large chains is rapidly increasing. Such chains are developing information techniques and methods which take only costs and profits into account.

It is obvious that for a newspaper, editorial material represents a fairly high expense which may not be profitable immediately and which may even never be profitable. However, this is the price which a community must pay if it wants to be informed and thus be in a position to assure its protection and its development. For the businessman, it is most often a useless expense and one he will avoid if he can.

The appearance of "flyers" for all stores belonging to the same chain and distributed at a low cost are causing some harm to all newspapers. If this trend continues, it will make the survival of newspapers impossible, especially regional newspapers. Nevertheless, it is the newspapers which survey the social and political climate, which see to it that the municipal administration is honest and efficient, which denounce unfair competition, in other words, which enable such businesses to operate in a stable environment, to avail themselves of the essential services at a reasonable cost, and to be governed by competent and honest men. Through the publication of "flyers", one avoids assuming the cost of an essential public service. If this trend continues, undoubtedly some steps will have to be taken to ensure the survival of newspapers. Perhaps thought should be given to a special tax on printing and distribution of purely advertising flyers.

With regard to the problem of the concentration and monopoly of the press, as it may exist in Quebec, we refer you to the brief that

Les Hebdomas du Canada submitted last year to the Parliamentary Committee on the Freedom of the Press, set up by the National Assembly of Quebec. We do not intend to take up this whole question again before your Senate Committee, especially as we are of the opinion that this question of the ownership and content of the press comes under provincial jurisdiction, even though the latter has done little in this field, a fact that we deplore. However, we shall say a few words on certain questions which may interest your Committee more particularly, that is, the ownership of cultural assets and the press council.

Several countries, including Canada, have sought means to prevent their information media from falling into the hands of foreign interests, or the content of those media from being primarily controlled by such interests. Since Canada is bicultural, the minority being French-speaking, the danger is great that communication and information media may be financed by the more economically powerful cultural element and that possibly, because of circumstances independent of the milieu, such media fall almost entirely into the hands of the more powerful group. The greater the concentration of information media in the hands of a small group, the greater the danger will be. We understand that the federal government cannot legislate to ensure French-speaking people the ownership of their own culture and that the Quebec government would be in a better position to do so, but we thought that it would be advisable to place the problem before your Committee.

For nearly ten years, Les Hebdomas du Canada has been interested in the idea of a press council for Quebec. This press council is almost a reality today when we consider the ground that has been covered since the first mention of the idea. The project, as now presented, calls for the participation of press enterprises, journalists, and representatives of the public, the latter having the largest number. Such a press council would essentially ensure the public's right to information, the other powers stemming from this essential principle.

And, Mr. Chairman, I am pleased to announce to you that yesterday there was an agreement in principle on the establishment of a press council in Quebec, an agreement between the two negotiating parties and which must, obviously, be accepted by the organizations which are represented by the negotiating parties.



In conclusion, in this document we wanted to give you an outline of the French-language regional weekly press, its role, its present situation, its hopes and even its disappointments. Obviously certain conclusions can be drawn but because of the ambiguity at the decision-making level, we prefer to limit ourselves to this explanation of the situation, but perhaps we can discuss verbally the practical measures which might assure not only the survival of the regional press, but its expansion, both where information and profitability are concerned. Thank you, Mr. Chairman.

[Text]

**The Chairman:** Thank you. We would now like to put some questions to you and if you wish to have any of your colleagues answer the questions, by all means do so.

Senator McElman will begin.

**Senator McElman:** Mr. Gagnon, your reference to press council is clear. Would it be correct to suggest that your association regards a press council as something to be of assistance to the industry rather than a threat to it.

**Mr. Gagnon:** The principle agreed to was that it is the right of the people to be informed, and the information media, as well as the journalists, are only means to give that information. Starting from that principle, I think that the public should have some means of judging the press to see that the people are well informed. That is the main principle.

I cannot say that one hundred per cent of our members agreed with the idea of the press council but it was unanimously voted by the members present at the last few conventions we had.

**Senator McElman:** In other words, a press council properly constituted upon such basic principles, in your view, would not be considered an infringement upon the freedom of the press, as some have suggested?

**Mr. Gagnon:** A press council, the way we see it, has no executive power. They just make recommendations. They make decisions on specific cases. They can make a study of the quality of the press on any problem that could in any way be detrimental to the right of the people to be informed.

**Senator McElman:** If there are no supplementaries, I will move to another topic.

**The Chairman:** Yes.

**Senator McElman:** Your organization is in name a Canadian or national organization.

**Mr. Gagnon:** Yes.

**Senator McElman:** Do you have members outside Quebec?

**Mr. Gagnon:** Yes. We have some in New Brunswick, some in Ontario, and we have associate members in Manitoba. We do not have many because there are not many French weeklies outside of Quebec.

**Senator McElman:** As a New Brunswicker, could you tell me the ones you have in New Brunswick?

**Mr. Gagnon:** In New Brunswick we have in Edmundston, *Le Madawaska*; and in Campbellton, *L'Aviron*. Those are the two papers who are members of the association.

**Senator McElman:** Those are the two principal weeklies?

**The Chairman:** I am wondering if I may ask you a question, Mr. Gagnon. You talk in your brief about the relatively low number of daily newspapers in Quebec. Certainly on the per capita basis, as you have pointed out, it is much lower in English Canada. What are the reasons for that historic development? You explained why the situation pertains today but why historically did this happen?

Why did the daily newspapers start in Ontario and not in Quebec, and the second part of that question is: there are proportionately many, many more weeklies in Quebec than in other provinces per capita as well. How did this phenomena happen?

**Mr. Gagnon:** I think maybe it would take about two or three hours to explain it completely.

**The Chairman:** I will give you five minutes.

**Mr. Gagnon:** I will give you some facts maybe that could explain it. In England there is a readership of about 523 readers of daily newspapers for each one thousand people. In France, I think it is the twenty-first country in the world, so maybe there is a factor there. There is the question of administration, too.

**The Chairman:** Would you repeat that again? I want to be sure I understand that. You are saying there is a readership per capita?



**Mr. Gagnon:** Readership per capita. The number of people reading dailies; I do not know how to explain it.

**The Chairman:** I understand. You are saying that France is twenty-first. Is England first?

**Mr. Gagnon:** England is first. France is twenty-first. Canada, I think, is twenty-third, or something like that.

**The Chairman:** Just as a matter of interest, do you know where the United States is?

**Mr. Gagnon:** I think it is sixth. There is Great Britain; there is Japan; Sweden I think is second.

There is Eastern Germany, which is third, I think, or fourth. There is the factor that economically we have less people that can afford to invest in the dailies because I think it takes quite an investment to start a daily.

There is also the fact that most French-Canadians read or speak English. It explains, for example, why *the Star* gets so much readership in Montreal compared to *La Presse*. In other words, I do not think that many English-speaking Canadians read *La Presse*, but I know a lot of French-speaking read *the Gazette* or *the Montreal Star*.

**The Chairman:** *La Presse* gave a percentage when they were present. As I recall the figures from memory *The Star* said 20 per cent of their readership was people whose first language was French. I think *La Presse* said 5 per cent of their readers had English as their first language. Perhaps it was not even that high. Your point is well taken. *The Star* was twenty per cent and *La Presse* was I believe 2 or 3 per cent, which makes the point very well.

**Mr. Gagnon:** Anyway, there are some other factors like publicity, for example. A national advertiser will start a program usually in English and if they want to cover the Quebec market, then they translate it usually and put it in French.

**The Chairman:** Except that it would not explain the historic reasons.

**Mr. Gagnon:** Yes. Well, it started many years ago. It did not start yesterday. For example, there has always been less publicity in French newspapers, national publicity.

**The Chairman:** Yes, but yet we have, do we not, a situation where the only new daily

newspapers in Canada that have been started in a long while are in Quebec.

**Mr. Gagnon:** Yes. Have you checked on the volume of national advertising they have?

**The Chairman:** Yes. We had Mr. Peladeau before our Committee the other day.

**Mr. Gagnon:** Has he been complaining about national advertising?

**The Chairman:** Yes. He complained about lots of things. May I say, incidentally, that he did not relate his particular phenomena at all to Quebec. We said to him, "Could you do the same thing in Toronto?" And he said he could. It was not related to this whole Quebec phenomena I have been discussing here.

**Mr. Gagnon:** Another factor, I think, is the fact that the French-Canadians have been culturally and financially under-developed for so many years, so that is another reason why the circulation, for example, would be much lower so I can give you four factors now. There might be some others.

**The Chairman:** Do those four factors all pertain today as well or is this an on-going thing?

**Mr. Lucien Fontaine, Secretary, Les Hebdomadaires du Canada:** There would be some other factors, too. There is one, for instance, in English, there are many features and services which are available. However in Quebec, which is a limited market, if we take the features, we have to translate them into French, which puts a higher burden on the publisher.

**The Chairman:** I understand.

**Mr. Gagnon:** The costs for getting news and information is much higher in a French newspaper. If you take the average cost, I think it is more expensive to start a good daily newspaper in Quebec than it is to start one in Ontario, for example.

**The Chairman:** Mr. Gagnon, I would remind you, if you wish to answer questions in French, even though I put them in English, you, of course, may.

Is this not a sort of two-edged sword? Is it not a fact that in Quebec you have the French language which is a distinctive thing particularly in terms of the publishing industry? Is it not a distinct advantage, for example, where you do not have to compete with overflow American publications?

This perhaps does not apply as much to Les Hebdomas, but can you comment for us on this? In Quebec, you have a phenomena which we do not have elsewhere in the country of weekly entertainment papers. You know the papers I am referring to; the weekend television and radio papers, and so on. This is a phenomena we do not have in English Canada.

What particular advantages do you have in the publishing industry because your language is not English?

**Mr. Gagnon:** There might be some advantages. I mean, we could see that we would have some advantages if French-speaking Canadians did not in such great numbers speak and read English.

**The Chairman:** You were here at the early part of the discussion this morning. We asked CWNA about their relationship with your organization. Could you describe the relationship from your point of view? Have you worked closely with them?

**Mr. Gagnon:** It is just a social relationship. We think that some of our interests are different.

For example, the CWNA will rely more on the federal government. Every year they present a brief to the federal government. What we do is present a brief to the provincial government in Quebec.

**The Chairman:** You would not turn down federal government advertising, surely, Mr. Gagnon?

**Mr. Gagnon:** No. We do not refuse. Last year we presented two briefs, one to the committee studying Canadian Government Information and the other to the Ministry of Communications, but we do differ on some specific problems. Almost every year we present a brief to the provincial government because there is the problem of language. There is the problem of competition. There are a lot of problems that we can deal with between ourselves.

For example, our clinics; we have a problem in Quebec that we have no school of journalism, for example. We establish these clinics in co-operation with the Minister of Education and try to raise the level of the regional press in Quebec.

We could, for example, give these examples to CWNA and maybe in some of their provincial associations they could do the same, but it would only be an exchange. Many of our

problems are different, but we do have social meetings.

We invite the president to our convention. We are invited and we go to their convention and things like that.

**The Chairman:** I think Senator Bourque has some questions.

[Translation]

**Senator Bourque:** ...I shall speak in French.

Then, a while ago you spoke of amalgamation. What has been the cost which all of you had, Les Hebdomas du Canada?

**Mr. Gagnon:** The postal cost affected certain newspapers. obviously, it affected all newspapers, but certain of them in a more severe way. I made mention of it in the brief. What happened was that, where there was a large enough concentration of people more and more weeklies turned to a new method of distribution, that is to a distribution, either by the newspaper, or by an independent distribution service. In regions where territories are larger, where there isn't a sufficient concentration of population, at this point, newspapers are obliged to use the postal service and with increases in certain cases which have gone up to 300 per cent.

**Senator Bourque:** 120?

**Mr. Gagnon:** The average is 120. What is unfortunate, the newspapers which have been the most affected among the weeklies, are the small ones, those which are perhaps the most essential in their environment because individuals are separated from each other. There are very few communications systems in these surroundings, and they need, more than others, to be informed, and these are the surroundings where there is perhaps also the most need to receive what is called, in information terms "feedback", which means the reaction of people. If the so-called smaller weeklies die because they cannot survive, there will be a large part of the people, the marginal population, who will be completely ignored, and there could come a day when there will be problems. There will be very serious social problems which will develop these surroundings because of a lack of "feedback". It will be noticed too late.

The postal cost, according to our average, resulted in an increase of 120 per cent but, on the other hand, several newspapers succeeded in getting around the postal service up to



certain point, this often even at the higher cost of organizing their own distribution system. I do not know, since there are no figures yet from the Department of Communications for the postal service, but I have the impression that there has been a reduction in the distribution of the regional weekly.

**Mr. Jean Paul Legaré, Administrative Secretary, Les Hebdomadaires du Canada:** Senator Bourque, if you allow me. The weeklies at least in the revision of postal rates have kept certain privileges, and I think that there should not be too many complaints on the situation if it is compared to the situation facing dailies or magazines.

But, the point I would like to make is that in the face of the eventual possibility of the transformation of the Post Office Department into a Crown Corporation, here I believe we should have certain worries. The question is this: what will be the protection accorded to publications distributed as second class mail when the Post Office becomes a Board? Preparatory studies of this eventual Board inform us that there will be an increase in rates and that the federal government could continue to subsidize publications distributed as second class mail. But there are questions which arise. We wonder if a Postal Board which would look for an overly large income, an overly large financial efficiency, could not place the small newspapers, the weeklies in a more difficult situation than they are at present.

**Mr. Gagnon:** We have, moreover, presented certain views following the publication of the Blue Book on the study by a company specialized in the transformation of the Canadian postal service. We did not mention it in our brief, and we should perhaps have done so, because, at that time, I believe that...

[Text]

**The Chairman:** Where do you submit these?

**Mr. Gagnon:** To Mr. Kierans.

**The Chairman:** Have we a copy of that?

**Mr. Gagnon:** Yes, I can give you a copy of that.

[Translation]

We have made certain statements because we consider that this transformation to a Crown Corporation could indeed raise several problems if the Government and the directors of this Crown company—as well

as the Rate Board which would be jointly established, and the people who participate in it, are not familiar with this particular problem of the regional press. And, especially, of the smallest regional press which plays a role...

**Senator Bourque:** I think that you would also like to reduce your cost and that probably it was a general reduction, let us say, when the news is not as important for each district. If there are four districts, you cannot give all the same local news, because the local news is very important, isn't it, for the weekly newspaper?

**Mr. Gagnon:** It is important for the people too.

**Senator Bourque:** Certainly. Now, I should like to congratulate you, first, for your promotion at Laval University and, you know, it is said that journalism leads to everything.

**Mr. Gagnon:** I am a lawyer whose conscience did not allow me to practice for more than six months.

**Senator Bourque:** You have been in journalism?

**Mr. Gagnon:** Yes, for 12 years.

**Senator Bourque:** Well, in the year 1900, I sold newspapers here in the streets of Ottawa, and at that time it cost a half-cent and we made a half-cent. It was a lot of money, you know, at that time. It was six cents a week for the newspaper.

**Mr. Gagnon:** Today, the newsvendors are more demanding than that.

**Senator Bourque:** And then, you see, after that, I went through a course. At that time newspapers were composed by hand, so you see the difference with what you have in off-set, today. Later, I became a reporter. Then in 1914, I worked for the Lance and Type Corporation—and in those days monotypes were installed and they had to be used. Later, I was Mayor of Outremont, and then worked in a publicity agency and I became a Member and later Senator. So, if several among you have the idea of becoming a Senator, come and see me.

**Mr. Gagnon:** Personally, I have no political ambition.

**Senator Bourque:** You do not need to have influence; I did not have any influence, or a



rich uncle, or anyone. I arrived by pulling myself up from my boot straps. It is open, to others in the same way. In any case, you come and see me, if any of you wish to have information; we could talk.

Now, we have spoken about savings. You told us a while ago that savings can be made by using off-set composing. Then, you give this work out, and...

**Mr. Gagnon:** Excuse me, may I say something. We did not mention a "saving".

**Senator Bourque:** I said it. You told us simply that you had amalgamated in order to produce, in certain places, newspapers, reproduction, printing...

**Mr. Gagnon:** There are people who have established printing plants, some of whom came from the association of weeklies who established printing plants which today, can produce, several newspapers. To become profitable, in any case, these plants must produce several newspapers, especially a regional weekly, to have its own printing shop. It is becoming more and more preferable to have the printing work done where there is good service. This raises a problem when there is talk, for example, of concentration at the level of the press; there is also talk of concentration at the printing stage. However, there is a danger, for example, when a printing plant belongs to an important cartel, and refuses printing or when too much is charged to print regional weeklies. This is another danger that can arise.

**Senator Bourque:** Now, do you realize any savings? In my time, this did not exist. But now, salaries are extremely high, so, is there really a saving, if you are not obliged to place as much capital or to buy the necessary machinery, because you can give out this work? Is there really any saving if you take into consideration the cost of labour, today?

**Mr. Gagnon:** I think there is no saving. On the contrary, there was a rise in weeklies which was proportionately higher perhaps than in other sectors, because during a certain time, the weekly press was not at the level of the general economy. But, today, for example, a young newsman enters into a regional weekly at practically the same salary which he would make at *La Presse*. The only difference is that, at the end of 5 or 6 years, perhaps he will not remain in the regional weekly press. So that, in a newspaper like *La*

*Presse*, a large daily, he will have reached a higher salary than that which he would have been paid if he had stayed in the regional weekly press. Also, for the composition in the shops, obviously, we pay salary rates which are not so much less than those which are paid in the large printing shops and in large newspapers.

**Senator Bourque:** You have zones, don't you? You have zone 1, zone 2, zone 3 which allows you to pay lower salaries, costs being lower?

**Mr. Gagnon:** In the printing, for example, it corresponds to 7 per cent. It is not this which makes much difference.

**Senator Bourque:** You advocate that in a few years—this is what I understood from your memorandum—you think you will be able to do this by "body-type", or some such method?

**Mr. Gagnon:** It is done in this way nearly everywhere today.

**Senator Bourque:** And then, here, you will be able to farm out your composition without being obliged to have machinery at your place?

**Mr. Gagnon:** From the investment point of view, it can become a saving. But, all the same, those who invest wish to make a profit. Therefore, one is often at the mercy of their decisions because there is not much of a choice. A sufficiently important weekly cannot be printed anywhere. We have a problem in the weekly press; it is that we are all printed at the same time, that is to say that all newspapers, because of the demands of the advertisers, must come out on Wednesday, so that we go to press on Tuesday. If you cannot be accepted at the printing shop, well generally, your work cannot be done at another shop. Then this can create problems. Up to now these are not problems which have actually been felt but which could take place in a serious enough manner in the near future.

[Text]

**The Chairman:** Well, now, Senator, I do not want to interrupt you but I am wondering if this line of questioning does not come perhaps within the area of the material which we will be dealing with in greater detail this evening.

I note, for example, the panel at eight-thirty is dealing specifically with disbursement and the one at seven o'clock with revenue.

I wonder if we should now proceed further with this discussion. I am thinking only of the adjournment for lunch. Do you have many other questions, Senator?

**Senator Bourque:** Well, it is twenty-five to one now. I could ask all I have to ask in possibly ten minutes.

**The Chairman:** All right. Why don't you go ahead?

**Senator Bourque:** This is most interesting and I consider these questions of the weekly of great importance.

**The Chairman:** I would agree with you. The only point is that, you know, we usually begin at two-thirty in the afternoon. Today we are beginning at two o'clock. That is the only point.

However, do carry on, please.

*Translation]*

**Senator Bourque:** What I wished to tell you is that I attach great importance to weeklies. Naturally, you will never take the place of daily newspapers. The dailies are run off very quickly. I, myself, have always considered, all during my career, that the weekly newspaper moulds the mentality of the districts which it serves. But, with the weeklies, what you publish in a city, whether it be Chicoutimi or any place, people have all week to read your newspaper. In that week, you have editorials and they read one idea one evening, and then the following week another idea, always along the same lines. You create this mentality in the individual, something which newspapers do but which neither radio or television can do. This is what I should like to underline.

Now, given the costs of transportation, you can, for example, send your things and then have them return by bus, or by truck, or by any other way; what previously took a week, can now be done in a day. I think, since there are so many methods today, that within a period of probably one or two years, the weeklies will probably have a better chance to create this mentality. There will not be the crisis which presently exists. I think this is very important. I believe that the weeklies, whether English or French, will shape a mentality because the other newspapers are too large now. Take an evening newspaper of 100 pages, three quarters of it, a half, are advertisements. A man who has worked all day has no time to read others, so he only buys one. With the weekly, he has a week to read it. I believe we shall have more weeklies

now and that a more informed mind will be developed in the citizen, because he will have the time to digest what is written; this is the normal thing. I think that you have a brilliant future and I have only one other question.

**Mr. Gagnon:** I could say that you seem to be very optimistic for the regional weekly press. We would like to share your optimism. On the other hand, there are still certain facts, economic facts which have to be taken into account. For my part, I do not believe, and I think my colleagues are of the same opinion, that there will be an increase in the number of regional weeklies. On the contrary, perhaps it is unfortunate that there are too many of them in certain places. When in a city, for example, of 20 or 25,000 population, you have three weeklies, the advertising market, which is after all, the financial power behind the newspaper, cannot support this having three weeklies of poor quality, instead of having a good weekly which could give all competition, with the result, that you risk the news, or the news as complete as possible. So there is this division and especially with the appearance of newspapers which are becoming more and more primarily advertising sheets causing excessively difficult competition for the news weeklies, because newsmen, still have to be paid. It becomes profitable on the day when 90 per cent of the population reads the news weekly. But, if the advertiser decides to distribute a circular sheet published to cover the whole province of Quebec, for example, for all newspapers, all magazines, even those belonging to a chain, this does not give one cent to the local or regional news weekly. However, on the other hand, it is the local or regional weekly which struggles in the midst of its community so that the community will be favourable to the development of business. I therefore deplore the fact that many large firms, large chains do not take on in any way the cost of social responsibility in their communities.

**Senator Bourque:** I did not wish to say a while ago that dailies were not good newspapers. We are well served by dailies, and that is absolutely necessary; television and even radio have not been able to eclipse the daily newspapers. I believe it was in 1950 that Les Hebdomas du Canada invited me to give a lecture on weeklies. At that time, Imperial Oil, which was footing the bill, had sent, I think, about 30,000 pamphlets reporting my talk. I had this opinion, at the time, and I haven't changed my mind, I still have this opinion: I



am sure that with all the methods of transportation weeklies have a great opportunity for the future.

[Text]

**Senator Bourque:** Mr. Gagnon gave me all the explanations of what I was going to say. He said it, and so therefore it is all right with me now.

[Translation]

**Mr. Lucien Fontaine, Secretary Les Hebdomadaires du Canada:** Senator, one of your sentences drew my attention: it is that the weeklies do create opinions. I am in full agreement with this, it is very true; but it is exactly this which the large advertising agencies and the government have not yet understood. So, one would wish that the advertising agencies and the government would be concerned not only with marketing and major markets, but equally with all the regions. Then, if this were understood, I believe, at the time, the situation of the weekly press would be really changed.

**Senator Bourque:** You admit that if we continue to talk about it, that something will finally be accomplished. If no one discusses it, then nothing will happen.

[Text]

**The Chairman:** I wonder if I might put a final question to you, Mr. Gagnon. This morning a question was put by someone to the CWNA—would they consider becoming a federation? I would be curious if they became a federation whether or not you would join that federation.

**Mr. Gagnon:** As an equal partner?

**The Chairman:** Well, I do not know. I think you have answered the question.

I will thank everyone. It occurs to me perhaps I did not express sufficient appreciation to the CWNA people earlier. I am going to make the same mistake in the interest of equal partnership now with the Les Hebdomadaires du Canada.

I think I will thank everyone later on this evening.

Now, I am going to adjourn and may I say—the Senators know this—but for the benefit of others, when I say we are going to resume at two o'clock we are going to resume at two o'clock and not 2:05.

The meeting is adjourned. Thank you.

The Committee resumed hearing at 2.00 p.m.

**The Chairman:** Ladies and gentlemen, I would like to, if I may, call the session to order this afternoon. As you know, we are going to this afternoon and the evening, hear four panels—the first at 2.00, then 3.30 then one at 7.00 and one at 8.30.

The topics are "The Role of the Weekly" and then at 3.30 "Content", at seven o'clock "Revenue", and at 8.30 "Disbursements".

I might say just a word about the format we intend to follow. Each of the panelists will speak for ten minutes and then we will turn to a discussion from the floor. Now, may I say for the benefit of Senators and others, that it is our intention—in fact, it is a necessity—that we adjourn at 5.30 this afternoon. I say that in the interests of returning here for the panels which begin at seven o'clock, and as well because there is a Senate Caucus which some of us must attend at 5.30. So, come what may, it is our intention to meet that 5.30 adjournment time.

This all, of course, presents us with a problem of time, and I am going to rather strictly enforce a time limit on the panelists. At the eight-minute mark, I will give a tap which will let you know it's eight minutes, and at the nine-minute mark, I will give two taps—at the ten-minute mark, I will hit you on the head! And that's a promise because we are going to call time, and I am sorry if, at the ten-minute mark your remarks are not completed.

Then when we turn to a discussion from the floor at the microphones and I will make this clear. Perhaps I will repeat it. When we go to the microphones, you will line up, you wish to speak, the three microphones and we will go the various microphones in turn.

Now, perhaps the next recommendation I am going to make—maybe I am making dreadful mistake on my next suggestion, at that is that there be no time limit at all microphones. The people in the room are aware of the time limit. I shall reserve the right to call people at the microphones in order and perhaps to even terminate the comments. If we find that this isn't working well, then it may be that we will self-impose upon ourselves some kind of specific time limit at the microphones.

As far as the Senators themselves are concerned, I would ask that there be no Senatorial participation while the panelists are speaking.



ing. I think we will give the panelists the clear floor for the ten minutes.

Then, when people are at the microphones, the senators should feel perfectly free to indicate to me that they wish to ask a question either of one of the panelists or, indeed, of one of the people at the microphones, and the Senators should feel free to comment or to ask questions at the particular point in the proceedings.

This first panel is on "The Role of the Weekly". I am going to call on the panelists in the order that I have them, and in the interests of time, I shall give you no more introduction than the one which is contained on the agenda we have in front of us; so, I turn now to Mr. Baker who is from the *Kentville Advertiser* in Nova Scotia. Mr. Baker, it is not necessary to stand, sir. Do you wish to do so? It's as you prefer.

**Mr. G. C. Baker, 'Kentville Advertiser', Nova Scotia:** Mr. Chairman, honourable Senators, ladies and gentlemen: I am most grateful for the opportunity to take part in this forum and to discuss the role of the weekly newspaper from the point of view of a small town paper in the Maritimes.

All news media are, to some extent, competitors for the interest and the attention of the public and for the advertising dollar.

To the extent that they can retain the former, they are able to attract the latter. If the media were living things, some clever biologist would no doubt have categorized them by classes, orders and genera, and within the class of print media and the order of newspapers, the small town paper would appear as a distinct species differentiated from others by its appeal to readership within a small and fairly discrete area.

The fact that newspapers of this type survive in our harshly competitive climate, and moreover, survive in relatively large numbers *prima facie*, evidence that they fill a real need and occupy a viable niche in the media world.

In my submission, Mr. Chairman, the primary characteristic of the small town paper is its attempt to retain reader interest on a restricted geographical basis.

All the other characteristics are derived or imposed by economic necessity. The paper is usually almost invariably a weekly because the revenue from a small area is not sufficient to support a greater frequency of issue.

There is now also an arbitrary consideration proposed by government which tends to

discourage two issues a week in communities large enough to want and to support such a frequency of service. That is, the fiction in postal rates that a paper issued twice weekly is a daily newspaper.

The typical circulation area for the small newspapers in the Maritimes includes a town of some substance and the surrounding communities or rural districts of which the town serves as the retail distribution centre. The area tends to comprise a community of interests.

This enables the paper to provide news coverage of a distinct type. It can carry news and opinion of purely local interest and these are its stock in trade. No broad, mass circulation medium can do so because the type of information involved would not appeal to a sufficiently large proportion of its total audience.

The same sort of thing applies in the case of advertising aimed solely at the newspapers' trading area. This advertising would cost more if placed in the mass circulation media, but the increased costs would not result in increased sales because people are not going to travel hundreds of miles to buy food or get a haircut.

From such considerations, the purpose of the small town weekly newspaper appears. It circulates appropriate news, opinions, advertising and like information within a community of economic and social interest. It can and often does serve the community as a conscience and a spur to community betterment. Usually it bridges one or more of the anachronistic boundaries of municipal government and thus also provides a vehicle for area cooperation.

From the foregoing, all things being equal, it would appear that small town weekly is economically viable; it can hold its own in present competition. It has little to fear from future technological change because the strength of its present position depends on a distinct type of service rather than on technical or mechanical sophistication, but other things are not necessarily equal.

We live in an age when governments are interfering more and more with private enterprise. All media are competitors to some degree. The Government of Canada now subsidizes one competitor, the Canadian Broadcasting Corporation, to the extent of more than \$100 million per year. It is apparent that at some level of government intervention, the economic margin of safety for some kinds of

media must be wiped out, and since weeklies are the smallest, they may well be the most vulnerable.

I only wish to point out that governments today have life and death power over every form of economic enterprise and an ever-increasing urge to use it.

Well, there must be some variation of purpose between community newspapers in urban and rural environments, and perhaps also between those published in French and English. It seems likely that the similarities vastly outweigh the differences.

No doubt a comparison of the views to be expressed today will define the situation better than any comments which could be made by one publisher alone.

The newspaper which I represent has been a member of Canadian Weekly Newspapers Association for over thirty years and remains so from a sense of duty. The Association has been a source of inspiration to newspaper improvement, and has represented the needs of its members to government. It has, with less beneficial results, dabbled in the field of advertising sales. Like any trade association, it can be of great benefit in the promotion of high standards of ethics and performance. More than most other trade associations, it has an opportunity to help its members through the promotion of modern management techniques, control, accounting, motivation, operations research and such fields. The same opportunity lies on the doorstep of provincial associations.

In my opinion, the community newspapers today play another role in our national life, one which is more diffuse and harder to define or even to substantiate.

Creative people of the intelligentsia type tend to gravitate to the mass media. They generally have lively talents. Their work enjoys vast audiences and makes a great impact. They are inclined to be left of centre or at least political activists. They equate change with progress, and seldom bother to consider whether the progress is for better or worse.

In the steel and concrete towers of metropolitan Canada, they may from time to time lose touch with commonsense. The weekly newspapers seldom recruit such people, offering as it does, often hard and unremitting work, a constant struggle to survive and cope with the realities of life; thus, in many cases, the weeklies offer a pinch of conservatism

and, of course, I do not use the word in a political sense.

The weeklies offer an antidote against hysteria and a break against too radical or too rapid change. In this respect, they may serve a purpose similar, but in a much less important sphere, to that which the Fathers of Confederation intended for the Senate of Canada and which the larger mass media all seem to overlook in their ravening thirst for change.

Thank you, Mr. Chairman.

**The Chairman:** Thank you, Mr. Baker.

Mr. Vaillancourt is next, *Le Réveil*, Jonquière. Mr. Vaillancourt, I explained before you arrived that we have a strict ten-minute time limit, and as a matter of fact, I will talk at eight minutes; however, carry on, sir.

[Translation]

**Dr. Henri Vaillancourt, Publisher, *Le Réveil du Saguenay*:** Most weeklies were founded before the era of modern communications, at a time when daily papers were not circulated throughout the province. Regions like Saguenay, Lac St-John, northwestern Quebec, the lower St. Lawrence and Gaspésie were cut off by geographical remoteness and a lack of communications. Their population inevitably lived an isolated way of life.

It was this deficiency that prompted the creation of many Quebec weeklies, among them *Le Réveil de Jonquière-Kénogami*, which was founded in 1945 by a group of younger members of the local Chamber of Commerce to cover an urban area with a population of 30,000 living in two municipalities containing some 6,000 homes. There was no other vehicle for the expression of dissent, the only official source of information being a regional weekly owned by the archdiocese.

Today, the role of the local or regional weekly has changed little, but the information field has acquired new dimensions with a potentially more numerous and well-informed readership. The weekly is no longer the only source of information in its community. It is to compete with the daily, which is distributed province-wide within hours of being printed. There is also the audio-visual electronic press, which provides hourly news bulletins, films of major events, interviews and so on. This is the case in our own area, where all the Montreal dailies are sold at the newsstands, as well as a regional daily published in Quebec City. There are also a number of television and radio stations.



Weeklies must thus compete today with all media, offer their readers a product of equal quality without straying from their own role, that is, without seeking to replace the daily, and do battle with competitors who are often in an advantageous position. The weekly will seek rather to complement the other media.

In an urban area like Jonqui re-K nogami, with 9,600 homes, most of them covered by all the news media, a weekly could survive and grow given the following: 1. efficient administration; 2. a competent editorial staff; 3. an aggressive advertising department—this is the backbone of the business;—and 4. an adequate circulation and a capable circulation department.

In short, like its big brother, the daily, a weekly paper must face the future with a sound organization all the way from the news room to the corner news-stand. Only then will it be able to withstand the pressures that will doubtless bear upon it, and progress.

There is no longer room for amateurism or old-world craftsmanship in a newspaper business. There is a challenge to be taken up. The weekly will have to be read and discussed in the community it serves, and have some impact on public opinion, if it is to keep its circulation and maintain a link between advertiser and consumer.

The advantages of the weekly: each edition has an effective life of four or five days, while a daily is out of date within hours. In the words of Jean-Louis Gagnon: "No one buys yesterday's paper".

Its clientele: the weekly speaks to a specific audience—what Yves Michaud calls "the provincial man"—the man who elects and rejects governments, "a different reader from those in the larger centres, one who is less preoccupied, less idealistic". As Michaud continues: The provincial man is more down-to-earth, closer to the real world than the hurried, anonymous big-city dweller.

The weekly shares its reader's roots; it is of the same wave-length and he will look to its paper for an opinion on any current topic. Surveys have shown that editorials in weeklies attract a larger proportion of readers than those in dailies. Provincial weeklies are generally owned and written by local people. They stand a better chance of being read from beginning to end.

Does the weekly paper have a different role in an English-speaking community? I think so, but I do not have sufficient personal experience to answer that question.

Circulation and advertising: advertising is a newspaper's bread and butter. For the reader, it is part of an information service he is paying for. From this point of view, the weekly offers undeniable advantages to the local advertiser. Weekly-paper advertising in weeklies is cheaper, and it is less likely to be drowned in a sea of paper or shouted down by a big competitor. Furthermore, the local advertiser who does not have his own advertising service feels more at ease dealing with a weekly. He can get technical advice from the staff, and make changes before press time. The *R veil's* local advertising has risen 10 to 15 per cent annually over the last three years. This has enabled us to provide more appropriate news-room facilities and better equipment.

National advertising is quite another matter; it was falling until early 1969. There are a number of factors involved, and they would take too long to list, but we might just mention quickly the impact of television, particularly colour television, and the slowness with which the written press reacted.

Many papers failed, others regrouped or underwent changes. In order to offer a better image to national advertising agencies, some twenty weeklies gathered under the A-1 banner; their circulation is checked by A.B.C. They have adopted a set of standards and equipped themselves with a permanent secretariat in Montreal and a common sales service. This group of weeklies, to which the *R veil* belongs, is gradually regaining the ground lost in the area of national advertising.

Nevertheless, there is still a great deal of ignorance or laziness—probably both—which leads a number of large companies to ignore the weekly press in their advertising purchases, while their public relations services flood us with press releases every week. The weekly press is recognized as an effective means of informing a group of consumers or taxpayers. But paid advertising is entrusted to national agencies, which seem to take the easy way out, and whose records fail to note developments in the weekly press. Numerous examples could be cited in support of that statement. We might mention the many Crown corporations and government departments. We shall doubtless have an opportunity to get back to this during the discussions.

There are still parts of Quebec where dailies do not penetrate.

Information from agencies: institutional and corporate public relations departments are a



valuable source of information for weekly newspapers. The *Réveil* publishes press releases of interest to our readers every week, omitting the political or commercial propaganda that slips in from time to time. These people should know that newspaper space is for sale for the communication of commercial messages. We do this free of charge for social clubs and non-profit organizations. I remain convinced that weekly papers are an excellent vehicle for informing people at the provincial level. The population of Canada is spread over a vast area, and it will be several decades before this changes.

I am sure that this Committee will be led by its deliberations to the same basic conclusion regarding the weekly press, and will make appropriate recommendation to the Government for the protection of these information media.

I shall skim over the matter of press freedom.

[Text]

**The Chairman:** Well, I am sorry. I must apologise to you on two counts, Mr. Vaillancourt, first of all, because you are not Mr. Vaillancourt. You are Dr. Vaillancourt. I apologise for that. I also apologise because the time is up and before you arrived, I made it very clear that I was going to be very arbitrary about that. There are copies which we can give to the Senators and those who are interested. Thank you.

Now, the next panelist is Mr. Ken Larone. Mr. Larone is the publisher of *The Mirror*, Don Mills which is in North York, in Metropolitan Toronto. Mr. Larone.

**Mr. Ken Larone, 'The Mirror' Don Mills, Ontario:** Mr. Chairman, Honourable Senators, ladies and gentlemen: "What are suburban newspapers?" It's a privilege to represent the new kind of newspaper called the "suburban newspaper". The *Mirror* is here today through the accident of frequency.

We happen to publish our newspaper once a week. In many other metropolitan areas, our type of newspaper is a suburban newspaper, goes home to its subscribers two, three and sometimes six days a week.

Like the *Mirror*, suburban newspapers are enjoying rapid growth in Canada as well as the United States and Great Britain.

This new urban medium has its own characteristics which are not the same as the traditional rural weekly nor the small daily nor the large metropolitan daily. More than

any other group of newspapers, suburban newspapers are influenced by faster change, larger markets, greater direct competition and more demanding readers and advertisers.

Both our urban readers and their urban advertisers demand considerable creativity and quality from us. This does not make the suburban newspaper any more or less important than the rural weekly press.

Suburban newspapers face a different set of conditions. Our markets are different. The products we produce to satisfy the market much different. What then is a suburban newspaper?

The suburban newspaper is the community newspaper created for the people who live in the post-war phenomenon, the suburb. In Canada's urban areas, such as metropolitan Toronto, the suburbs are in the city. They are the large, new municipalities that wrap around the old city of Toronto; for example, the borough of North York, largely suburban has a population of almost 500,000 people. This size makes it Canada's third largest municipality, even larger than the City of Vancouver. The three suburban boroughs of North York, Scarborough, Etobicoke, has more than a million people or 54 per cent of metro's population.

Members of the Committee who know metro Toronto will agree these boroughs are almost entirely suburban in character. By definition, this means the majority of the residents of metro Toronto live in suburbia.

No matter what future political course the urban area takes, the majority of those people who live within this region will be member of the twentieth century new town environment. They will be suburbanites, part of the megalopolis.

It is only reasonable to assume that the growth around our large Canadian cities will have suburban character, and this means more and more Canadians will become suburbanites. It is in this market and for the market that the *Mirror* and other suburban newspapers publish.

They are distinct from the downtown daily newspapers with their origin in the city and distinct from the country weekly newspapers primarily appealing to the rural communities.

There has been a rapid growth of suburban newspapers in the United States since the end of World War II. In their development, they tended to be almost a decade ahead of us in Canada. Many of the rural U.S. weekly

which were cut off from the core of the city by 30 miles of wheat fields have since become large suburban newspapers. These newspapers vary in their publishing frequency, but many publish two or three times a week, and the best are dailies. Perhaps the outstanding example in suburban newspaper publishing in the United States is *News Day*, a tabloid with over 400,000 circulation in the two suburban communities of Suffolk and Long Island, just outside New York City. *News Day* averages 100 to 150 pages a day.

Throughout the United States, major publishing groups have entered the suburban publishing field in a variety of ways, number one, by starting suburban newspapers; number two, by publishing suburban sections; and number three, by purchasing suburban newspapers.

Let us go back to number one, those that have started suburban newspapers. The Marshall Field organization in Chicago owns two metropolitan dailies, the *Sun Times* and the *Chicago Daily News*. But in the suburbs of Mount Prospect and Arlington Heights, Marshall Field Enterprises started a suburban daily newspaper in competition with several large independent groups.

Now, point number two, publishing suburban sections, the *Chicago Tribune* has adopted this technique. They publish three or four tabloid sections of news and advertising for specific areas outside the city core. This method was once used by the *Toronto Telegram*.

Now, for number three, by purchasing suburban newspapers. Time Incorporated recently purchased two newspaper groups in Chicago, the Pioneer Newspapers and the Hollister Newspapers. When these publishing movators moved into the new publishing unit, the Committee gets a good indication of its potential.

In the United Kingdom, suburban newspapers are also growing rapidly. More of them started as giveaways, meaning they were given to each householder in the newspaper circulation area. Recently, some of the large publishing organizations have purchased the free circulation papers and are beginning to convert them into paid circulation.

In my earlier comments, I explained some of the differences between suburban newspapers and rural weeklies. Now, I would like to emphasize their similarities.

Community news is community news. Whether you are the publisher of *The Mirror*

in North York and Scarboro or A. Y. McLean publishing the *Huron Expositor* in Seaforth, Ontario your subscriber expects the one basic ingredient from his community newspaper. He wants to know what is happening at home, the place where he and his family live, the focal point of their lives, information about minor hockey leagues and the local high schools are examples of the valuable nuts and bolts of a good community paper. People in North York and Scarboro are just as interested in this information as the people of Seaforth.

In the suburbs, it is important to have a community press. Without it, there could be an information void which would be unhealthy for people living in the sprawling, high-rise megalopolis.

Downtown dailies are being forced to spend more and more money on the world, national and provincial news. The pressure of life in the global village is forcing this upon them. This does not present them with an easy task. They must report to the readers the meaning of the rapidly changing world and, remember, our world is changing so rapidly that the pace of change is bewildering.

Also, our established metropolitan daily newspapers must remain Canadian in a world that is rapidly becoming American. If our identity is at stake in a media world dominated by American television, American magazines, and American wire services, our major daily newspaper publishers have the delicate task of presenting, without colouring the news, of presenting it in a Canadian context.

Readers of the metropolitan dailies expect their newspaper to give them the meaning of national and world events so Canadians can comprehend the significance of any event. All of this applies to any event, any place in the world.

This is not the task of the suburban newspaper. We must bring meaning of community events to Canadians who live in our large metropolitan cities. These people face the challenge of urban life and reporting the events of this life is important to them.

Pressing urban problems do not come to life so easily when they are seen as a remote abstraction of national concern. Most Canadians feel they are against pollution, but the majority of them perceive themselves powerless to stop its spread until you relate it to the pollution problem right next door. Then they can become very angry. At this point,



the action or the inaction of the local government becomes hard news, the news brings action.

The changing morality of our times puzzles and perturbs many Canadians; yet, teenage sex is another national abstraction until it is reported in the high school or around the corner.

The drug society arouses expressions of horror in all of us; yet it remains an abstraction until we learn the pushers are working in our high school where our children attend.

The suburban newspaper takes its responsibility and professional skill in both hands when it faces these problems. Covering them requires accuracy and fairness beyond the expected from the less personal medium. If your community newspaper misreports facts, as you know them, you become more hostile than the times you find less personal medium making the same mistakes. When your local newspaper makes this kind of mistake, you are almost personally affronted. You feel they should know you and your environment in more intimate and more understanding terms.

In our complex urban society, the suburban newspaper helps to knit together an understanding of life at the most intimate level, the community.

More than any other medium, it can yield insights and understanding, not only supposedly parochial issues, but of large social concern.

The grass roots press in this country will continue to have historic role whether in the urban metropolis or in the towns and villages of rural Canada. We believe its survival is important to the legislators of this country; however, we believe a free press must ask no favours from the government if it is to preserve its historic independence.

Your Committee asked if a press council would be appropriate for Canada. We say yes, one of publishers and journalists.

Even though the public and the government believe the time has arrived for a Canadian Press Council, the Fourth Estate must remain responsible enough to govern itself if the press of Canada is to remain free in a basic democratic sense.

**The Chairman:** Thank you, Mr. Larone.

The final panelist in this first panel on "The Role of the Weekly" is Mr. L. H. Drouin, who is the editor of the *St. Paul Journal*, St. Paul Alberta. Mr. Drouin?

**Mr. L. H. Drouin, 'St. Paul Journal', St. Paul, Alberta:** Mr. Chairman, Honourable Senators, fellow publishers, ladies and gentlemen: All of this panel discussion deals specifically with the role of the weekly newspapers. Because I have been asked specific questions by the Committee, you will find that my presentation may digress a bit.

After hearing the presentations this morning, you will not find that there is some duplication of ideas, but this will focus attention on these problems and prove their importance, considering that some of the same reasoning has emanated from entirely different regions.

The role of the weekly in principle is much the same as any other media, that of disseminating news to its readers, but it varies in that its readership is a close, select group of people who want to see a reflection of themselves in the only media that it is possible for them to get some recognition; in other words, it is a local paper for local people, and its primary concern is to cover the events in its own community, provincial and national news being of a secondary nature.

A rural weekly, which I represent, and on which I have been asked to make a comparison with urban areas, further has the duty of a public relations agency between the town it serves and the rural people, mostly farmers who have a different point of view and often are diametrically opposed to each other.

Newspapers, of course, will vary from region to region. In Alberta and Saskatchewan, predominantly agricultural areas, their role is essentially much the same.

British Columbia an industrial province may influence newspapers economically in a different manner, but here again their purpose and role is to cover local events.

There is much more difference between the controlled circulation papers published in the suburbs of metropolitan areas. The circulation is higher in densely populated areas where papers can be delivered by carriers, compared to rural weeklies who may cover sparse market areas of a radius of over 40 miles, and have to use the post office for delivery and bear the brunt of increased costs.

**The Chairman:** Excuse me. They want you to slow down just a little bit.

**Mr. Drouin:** Okay, I don't want to run out of time.

They also have access to a larger number of customers which are close enough to con-



tact. This means more money, better equipment, the advantage of centralizing, more staff, editorial and mechanical, and more activities to cover the potential of larger papers.

We are not criticising too much the higher costs of mailing which has affected the income of every newspaper, recognizing the special privileges that we have had for years as a concession by government to the days when weekly newspapers were almost the only media of education for the people. They haven't lost any of these values, but are now living in a different world, with more competition and increased costs which must be recognized and balanced.

I don't think there is any difference between the publication of a weekly in French or English as the Commission would like to know except that here again they are influenced by their environment and the region they represent.

Perhaps the *St. Paul Journal* finds itself in a unique position, being published in a western area that has been designated as a bilingual district in accordance with recommendations by the B and B Commission. Although we are an English publication, the pioneer influence of the town and district which basically was French still requires that we consider publishing some articles, stories and even advertising in French. Our plant is equipped with French accents to accomodate these articles and to handle commercial printing in either language which, of course, is essential to the economy and success of operation of any rural weekly.

The editor of a rural weekly is still a very real person, not some detached intellectual sitting in an ivory tower on the 20th floor of a skyscraper, but someone the reader can reach, argue with over an editorial and still threaten to punch him on the nose if he disagrees.

Consequently, there is perhaps some discretion. There is perhaps more discretion in the rural editorials, judgments, fairness and justice without losing any of its fairness in the light of the issues that concern the community.

We have been asked by the Senate Committee to explain why the '*St. Paul Journal*' is not a member of ABC, and why we have felt it is not necessary to subscribe to carry out the role of a weekly newspaper.

Frankly, I am not opposed to ABC, and I believe that belonging to that organization is

a good investment that can do a lot to improve the image of the papers with bona fide figures and circulation, something that has become very important to customers and agencies who want realistic figures.

We would have joined ABC a few years ago, but at the time, CWNA came out with a programme for verified circulation figures, which we believe is a good one, and we are in the process of subscribing to it.

Perhaps the only reason we did not join ABC was negligence and probably laziness in having to initially set up the records required which takes considerable time, but are well worth it in the long run.

Here again, too many weeklies have to be reproached for padding up their circulation figures and not keeping closer records. CWNA requires that membership in its association include membership in an audit bureau, and ABC is a good one. That should be enforced in the near future.

There is a real need for the weekly media to present authentic figures to its customers to regain confidence and some of the volume of business that they have lost, partly for this reason and the competition it is meeting from other media, especially television.

We must convince the national advertisers that the weekly is the only media to reach certain markets, and that in spite of the fact that it might be easier to schedule advertising with one big account and save clerical work, they are overlooking one of the most important media that sometimes are not acting in the best interests of their clients.

Provincial and national weekly associations—What purpose are they serving? There is no doubt that like anyone in any other field of occupation, weekly newspapers need unity to promote their best interests. The ideals and principles in this association are very good, but they are not completely fulfilling their purpose because of negligence of some of their members, national and provincial who do not cooperate, carrying only token memberships without life participations.

One of the most important areas of which associations can be of benefit is in the promotional field of advertising. Although several attempts have been made, nothing lasting has ever been accomplished, and weeklies continue to lose their fair share of the national dollar.

The AWWA has tried employing the services of a provincial field representative on

several occasions, but has never been able to interest one man consistently, and the cost was opposed by some of the members, who felt it was too much money to spend on intangible results.

For that reason, I feel that the CWNA and the weekly associations should have better liaison in coordinating some of these programmes jointly.

It seems that provincial associations are working at cross purposes and have never really gotten down to the business of solving these problems, although in the past years the problem has been recognized and more serious attempts at coordination have been made.

British Columbia weeklies, working independently from the provincial association, have formed a company of western regional newspapers who are employing the services of a full-time representative to sell for them. Recently, they have approached a number of Albertan weeklies to join in. A good response was received and it is likely some ten or fifteen will work with the twenty-two now taking part in B.C.

Each member purchases a share in the company for \$100 as an initiation fee, and agrees to pay seven per cent of his gross income on all national advertising to W.R.N. From these funds, an advertising representative is hired on a contract basis.

This is the kind of service any association could originate and its members participate in with a good degree of success.

In spite of the technological advances that have been made in the methods of printing, letter press, offset which have improved the typographical layouts of the weeklies, the basic role has not changed that much.

The big change in the past has occurred at the editorial level where better news content is found, editorial comment is more prominent and graphic reporting by the use of pictures have greatly improved the appearance and the readership of the weekly.

For that reason, we believe that more attention should be focused upon and considered for the weeklies, as one of the better news media in the rural and urban areas they cover, by the advertising agencies and even the Government of Canada in maintaining some of the privileges they have accorded us in the past.

I wish to thank Senator Keith Davey for giving us the opportunity to before his Com-

mittee and the recognition he has given the weekly newspapers across Canada. Thank you.

**The Chairman:** Relax!

**Mr. Drouin:** I made it!

**The Chairman:** If you want to talk for thirty more seconds, you can.

Well, now, we will turn to the discussion from the floor. Perhaps I could just re-underline the ground rules. You simply go to any one of the microphones when you want to say anything. Would you identify yourself and your paper, and would you please do that every time you speak.

You can speak as often as you want, providing there are no other people who have not spoken who are waiting to speak. We won't put a time limit until we see what happens. We may have to impose a time limit later on in the afternoon when we see how it goes.

In comments from the floor, I am going to give the widest possible latitude, but in saying the "widest possible latitude", I do want to stress that all the same there will be some latitude; in other words, there will be some limiting—some comments, perhaps, wouldn't be in order at this particular panel.

As far as the Senators are concerned, may I say to them that they are free to ask questions of the panelists or they will also be free to ask the questions of the people who are going to the microphones; so, with saying that, we go to the floor. I note with interest that there is nobody going to any microphone. Does that mean that nobody wants to have anything to say at this point? Yes, your name please?

**Mr. C.S.O. Hoodspith (Publisher 'Lions Gate Times', West Vancouver, British Columbia):** Mr. Chairman, Senators, ladies and gentlemen: My name is Hoodspith. I represent a newspaper in the suburbs of Greater Vancouver.

In this section or this panel on the "Role of the Weekly Newspaper", I might make reference to a statement Senator Bourque made this morning in which he said that he felt the weeklies could never replace the dailies.

This is a question that can be dealt with to quite an extent, and at this juncture, I would just like to bring an observation that possibly has not been made and will not be made in the rest of this hearing.



As you know, Vancouver is suffering a void of daily newspapers with the temporary strike of the *Vancouver Sun* and the *Vancouver Province*. There has been a terrific impact on the community newspapers in and around Vancouver, to such an extent that we have tripled our revenue and doubled our circulation and may go even further, depending on how long the strike exists.

The reading public are not uptight. They say they miss the paper, they miss the daily. They miss getting the *Province* in the morning and the *Sun* at night. There are certain features they would like to follow. We have heard, and this has been volunteered—now, maybe they say it because they know I have a weekly newspaper—but a lot of them say, “I don’t think we will go back to the dailies. We have sufficient coverage with the radio and television and the weekly newspapers”.

I only bring this in to point that possibly there is a general opinion, that there’s got to be a daily newspaper, but now they are finding something that’s different. They are finding that possibly a good, well organized, well conducted newspaper on the weekly basis or on a twice-weekly or thrice-weekly can compete and it may be the point that this might change an area of reference—a frame of reference may change.

In addition to that, they say you can’t take the place of the dailies. Maybe it’s the advertiser who wants the daily exposure. Maybe the reader is quite happy with once a week, augmented with his radio and his television.

I just wanted to bring this to Senator Bourque who fortunately is not here. At this point, maybe he’s one also that has been brainwashed into thinking that there must be a daily newspaper, and that’s my comment, gentlemen, thank you.

**The Chairman:** Do you take a daily newspaper yourself?

**Mr. Hoodspith:** I take two, and the reason why I do that—I think I might be like every other businessman who hasn’t got too much time to wade through a hundred pages. He takes out—selects—I am a headline reader. I read a favourite column. I might read it just to see what’s going on, but that’s it. That’s finished.

In the morning, I miss the *Province* because there is a column I read, but other than that, I am not interested. I haven’t got time. I am more interested in what’s happening to my axes locally.

**The Chairman:** You said that you have tripled your revenue and doubled your circulation. Is that correct? Is that what you said?

**Mr. Hoodspith:** Yes, I did, sir.

**The Chairman:** You have tripled your revenue?

**Mr. Hoodspith:** Possibly tripled the revenue, yes, sir.

**The Chairman:** Have you increased your rates?

**Mr. Hoodspith:** No.

**The Chairman:** Not at all?

**Mr. Hoodspith:** No, we increased our circulation. We felt it’s not fair to our advertisers to stick in the needle, as it were, while they have no other media.

**The Chairman:** Has any of the additional advertising been national?

**Mr. Hoodspith:** Yes, yes, considerably, from sources we have never had before in our life, in our time at least. Being a weekly newspaper under the coverage of the dailies, it does affect us greatly.

**The Chairman:** Thank you very much. May I say that if other people want to speak, they should be going to the microphones. Senator McElman?

**Senator McElman:** Mr. Hoodspith, in fact, what you are saying right now is that the strike situation of the dailies in Vancouver has caused you to re-examine your role. Is that correct?

**Mr. Hoodspith:** That is correct, yes.

**Senator McElman:** Did you find that re-examination encouraging?

**Mr. Hoodspith:** Very much so, yes, it creates, and I think this would probably tie in with what Mr. Larone said, a new framework of consideration or of reference.

Just one more point, Mr. Chairman. We had a phone call from a large automobile company and a large real estate company, and each of them volunteered that they were surprised that by using the weekly newspapers, how they have had a marked result factor very much over what they had figured, and that it was cheaper. They volunteered this, that it



was cheaper; so, I told someone last night, and they said, 'Well, what about the advertising agencies who say that our line rate is so much higher?' But you divide that by the number of days a weekly newspaper is read. Say our staying power is five days; so, you divide five days into the mill line rate, and you will find that we are probably very comparable to the per line rate of a daily newspaper.

**The Chairman:** I note with interest that Senator Bourque has arrived and I wouldn't want you to go through all of the comments you made, as interesting as they were.

Senator, Mr. Hoodspith was addressing himself to you, Senator Bourque.

You might just repeat what you said.

**Mr. Hoodspith:** Senator Bourque, you made a statement, facetiously or not. You may have been quite serious about it, but you said that the weeklies will never take the place of the dailies, and I have just pointed out to the congregation here...

**The Chairman:** Congregation!

**Mr. Hoodspith:** ...that there is a daily newspaper void in Vancouver with the temporary demise of the *Sun* and the *Province*, through a strike, and that people are not too worried about not having a daily newspaper other than missing their favourite spots, such as maybe social or maybe editorial. You mentioned that the number of pages you have to wade through every day. The weekly papers are now developing into something that they found are sufficient along with radio and television to give them immediate news. I just wanted to make that point, that I hope that you are not brainwashed into thinking, that we have got to have a daily newspaper, come what may.

**Senator Bourque:** Oh, I think you have to. I am very much in favour of developing the weeklies, but I don't think that the country could go on without the daily paper, the television and the radio. I think they are a necessity for life and for the country and its citizens.

**Mr. Hoodspith:** Yes, that's right.

**The Chairman:** Thank you, Mr. Hoodspith, very much.

Do you want to ask a question, Senator McElman, of Mr. Hoodspith?

**Senator McElman:** I want to correct something that I put on the record. The Vancouver situation I referred to as a "strike"—I think I should correct that to say a "shut-down".

**The Chairman:** Well, Mr. Hoodspith also referred to it as a "strike". I was going to make the point as well. I am not sure that "strike" is the accurate description.

**Senator McElman:** The other thing I wish to say is that he referred to "congregation"—I assume in the non-evangelical context?

**The Chairman:** Yes.

**Mr. Frank Withers, Editor Bugle Gazette Times, Woodstock, New Brunswick:** I would agree with the previous speaker and with some of the others here that a daily is necessary. Like him, I take two or three dailies and read the weeklies too. I think that the difference in the role here probably is that the weekly in the small area must go into more depth in local matters than the dailies can, but that was not mainly what I wanted to speak about.

Three comments have been made, one at the earlier hearings and a couple here that I thought were skipped over very lightly.

Senator Prowse, speaking in Saint John, had said he had found a note that the Committee had not before it any evidence of damage being done by monopolistic control in New Brunswick. I think Dr. Vaillancourt...

**The Chairman:** I would like to see that statement by Senator Prowse. I would like to see the full quotation before I would accept your statement.

**Mr. Withers:** Oh, I am sorry.

**The Chairman:** Oh, well, I just put that on the record. Senator Prowse, I might say, is on another speaking trip; so he is not here this week, but carry on.

**Mr. Withers:** Dr. Vaillancourt said here a while ago in his speech, "I'll skip over the question of press freedom". Earlier one of the prominent publishers—I am not quite sure who it was—said that he experienced no pressure to control the news in his papers.

He said that only from his friends did he experience some pressure.

I suggest to that publisher that probably his friends would meet at the various clubs. They might be executives in various oil companies, perhaps soap companies and so forth, just as

my friends might be the man in the corner grocery—because I must take exception to that. There certainly is pressure.

Just in this past week or past couple of weeks, the people where I work lost a considerable advertising account by the simple process of reporting the drinking/driving accident of a prominent citizen. This sort of thing goes on continually, and I will challenge any weekly publisher here or any daily publisher to deny that these pressures do exist.

We have talked about the role of the papers. I think its job is properly to paint as accurate a picture of the community as it possibly can, and I think that if anything is left out of this picture, for instance, the matter of drinking and driving and so forth, this is stealing from the public something that we are paid to give them, something that we are giving them by certain privileges that are allowed us.

**The Chairman:** Thank you.

**Senator Hays:** May I ask a question?

**The Chairman:** Yes, Senator Hays.

**Senator Hays:** Did you publish this before he was convicted or after he was convicted?

**Mr. Withers:** After he was convicted. It was just purely a matter of court news.

**Senator Hays:** It is the principle of your newspaper not to publish it?

**Mr. Withers:** No. We have a column which we call "Provincial Court" in which all news is published.

**Senator Hays:** Whether he's convicted or not?

**Mr. Withers:** Right, everything in the court records.

**Senator Hays:** And if he is not convicted?

**Mr. Withers:** No, no, this is a matter of whatever is in the court records are published perbatim.

**Senator Bourque:** May I ask a question?

**The Chairman:** Yes, Senator Bourque. May I again remind our visitors that if anyone wants to speak to go to the microphones. I am not going to wait for people to go to the microphones. As long as Mr. Withers is speaking and there is no one else who wants to speak, then we can just proceed to question

him, but if other people do want to speak, please go to the microphones. Now, Senator Bourque.

**Senator Bourque:** We are all victims of influence, in the advertising business especially, at certain times something occurs that a man would like to keep out of the papers. If you don't keep it out, well, he might get angry at the time, but if he doesn't advertise in the paper, his business is going to suffer; so, it's only going to be temporary he will come back, possibly in a month or two, because nobody works against his own interests.

**Mr. Withers:** Well, I wasn't complaining. I was just stating the fact that there is pressure existing. In fact, I should say that on the whole matter of pressure, Senator Prowse had said he had seen no evidence of the damage done to the press by monopolistic control in Saint John. I would suggest that the best evidence of that has been the vast improvement in the *Telegraph-Journal*, for instance, since these inquiries started.

**The Chairman:** Well, perhaps on that note we can turn to—another speaker. Thanks, Mr. Withers. Even when I know your names, I wish you would give them.

**Mr. Gerald C. Craven, President, Canadian Weekly Newspaper Association:** My name is Craven, and I am from Ridgetown. I publish the *Ridgetown Dominion* and it's the only "Dominion" in Canada and—that might be a little corny, yes, but we are publishing in a very rich rural area, a farming area, and we have a number of our farmers in our area who used to take the daily newspapers, and, Senator Bourque, I might mention that there are now numbers of farmers who no longer take the daily newspapers, and they are still alive. At one time, in one rural route that I know, out of a route of say, 50 farmers, there might be 30 or 40 or 50 newspapers going out in that area. Now, there could be four or five. These are daily newspapers, and these farmers cannot afford to pay upwards to \$45 a year—at least they feel as if they can't afford to pay \$45 a year for their daily newspapers—although, as I say, it's a very prosperous area. Craven is the name.

**Senator Hays:** Where I come from, we have Hutterite colonies who are the best farmers in Canada, and they take no newspapers.



**Mr. Craven:** That's right. We have some in our area too, but they don't mind borrowing their neighbour's!

**Mr. John Pinckney, Publisher, 'Rosetown Eagle', Rosetown, Saskatchewan:** My name is Pinckney, and I publish the *Rosetown Eagle* in Rosetown, Saskatchewan, which was once a rich, wheat-farming area, and we have Hutterites—Can you hear me?

**The Chairman:** Yes.

**Mr. Pinckney:** I would like to ask how many of the honourable Senators subscribe to a rural weekly? I don't mean read it like the Hutterites. I mean actually buy one themselves.

**The Chairman:** Well, Mr. Pinckney's asked the question. Let's ask. Do the Senators read weeklies?

**From the Floor:** Read, but not buy.

**The Chairman:** Well, I may say that I subscribe to a weekly, but I live in Metropolitan Toronto, and I must say it is not a rural weekly, but it is a member of your Association, as Mr. Larone knows. Is the point you are making that we are not familiar with weeklies? I think most of us are.

**Mr. Pinckney:** Well, I was thinking about the Senator's remarks.

**The Chairman:** Which one, Senator Bourque?

**Mr. Pinckney:** Bourque, oh, yes, sorry, sir. I presume that he was slightly prejudiced. That's all; that he maybe hadn't lived close to the production of a weekly rural newspaper. Anyone who has not done this, could not help but be a little—well, ignorant of the fact or prejudiced against them when they compare the big metropolitan daily with the ten or twelve or sixteen-page weekly newspaper, which, incidentally, carries more actual news, in inches, of reading matter about its community than any daily newspaper I have ever seen.

**The Chairman:** Which weekly does this?

**Mr. Pinckney:** Well, most of them; for example, sixteen pages of nothing but local news. Do you know a daily that does that? The *Star Phoenix* doesn't.

**The Chairman:** I don't know that, but I know that in connection with the Commit-

tee—and let me put a question to you very directly. We have had occasion to study a great many weeklies in Canada. Would you agree with me that there are extremes, that some of the papers are very good in the way you describe, but your description is of the best papers. Certainly there are others that don't measure up to that standard.

**Mr. Pinckney:** This is quite right: you have papers down to—that have been mentioned—500 circulation—maybe just four pages, where the printer and his wife probably are the total staff making a minimum of \$4,000 to \$5,000 a year net income, all the way up to some of the very large suburban weeklies where the net income is very considerable. Of course there is a wide range, but basically they are full of nothing but local news.

**The Chairman:** Meaningful local news?

**Mr. Pinckney:** Well, I don't know what you mean by meaningful. If someone dies or someone marries or someone has had a child, this is the sort of news that we want to know about that the daily cannot do.

The reference is made that the weeklies can never replace the dailies. I don't think it's their intention. They serve two completely different purposes.

**The Chairman:** Thank you so much. I think we should say in fairness to Senator Bourque that Outremont is not exactly rural Canada, and this is the point that you were making, and I think in fairness to Senator Bourque I should say I know him not to be hostile to weekly papers at all. I think that's a fair statement of your position, Senator Bourque?

**Senator Bourque:** What I said this morning was that I am very much in favour of the weekly papers, and I think they have a great future because they carry news that is vital to the people in the community which they serve, but we must have the daily papers to keep us abreast of all the news of the world, for example what is happening in Tokyo.

**The Chairman:** To find out on a daily basis how badly the Canadiens are doing, for example, Senator?

[Translation]

**Mr. Jean-Paul Légaré, Secretary, Les Hebdomadaires du Canada:** Mr. Chairman, my name is Légaré, and I am Secretary of Les Hebdomadaires du Canada.

I wonder if we are not moving towards empty and useless debate in attempting



decide which is better, the weekly or the daily. Perhaps a comparison could be made with ladies' clothes: there are the ones you see and the ones you don't see, and perhaps the weeklies are like the latter, and therefore closer to the truth. However, I think the outer layers are necessary too.

[Text]

**The Chairman:** I think your point is well taken. It becomes a little like a grade school debate. Yes, sir?

**Mr. George Derksen, Publisher and Editor, 'Estevan Mercury', Estevan, Saskatchewan:** Home of the Estevan Bruins.

**The Chairman:** Who are doing better than the Canadiens!

**Mr. Derksen:** Yes.

**The Chairman:** You know, I am very brave for a Maple Leaf fan!

**Mr. Derksen:** All the comparisons between dailies and weeklies—I have something here that I wrote the other day—

We speak of being distinct from other media. When a large daily newspaper shows concern about rural needs and happenings, this cannot be satisfied at any other level. No daily can give eight to twenty pages of local news, weekly, to a smaller community. Neither will this become possible in the future by television. Necessarily, technology would still have to hire and have large numbers of people to report the news no matter how fast the communication; and I ask you, "Would advertisers in Saskatchewan be able to support a 500-page daily newspaper?" I doubt it very much.

Now, we think that the weekly press is more than distinctive. It is exclusive. It is also individual, in keeping with the mosaic pattern of Canada. News of a weekly is indicative of local needs and problems, and by stating that we, the weeklies, are individuals, we point out that most weeklies are privately owned by members of the community which they serve, and as the man said, somebody can come and punch you in the nose and I have got punched in the nose. One time I had a big whop on my head—it happens.

The weekly newspaper stands alongside the community and understands the moods, traditions, problems and promotional needs of the area.

Now, we contend that generally a weekly newspaper does not vary from region to region in either English or French.

Chain newspapers have the better financial backing, I believe, and are often able to improve production equipment; however, not all chain newspapers are able to maintain local autonomy at the level of community understanding and insight. As an example, the Liverpool chain had to re-sell its Estevan operation to area people due to its inability to hire good management with grass roots understanding.

Then, just to talk about news content and then I will sit down—the *Estevan Mercury* news content is roughly 90 per cent local in nature. Local news is the prime factor for our existence as media. The weekly paper is much more interested in a neighbour helping another neighbour in his harvesting operation when he is sick, than the weekly press is interested in the hippy movement or the CYC or Vietnam, for that matter.

That is about all I have to say on this thing.

**The Chairman:** May I ask you a question, Mr. Derksen? Is there a daily newspaper in Estevan?

**Mr. Derksen:** No, there is not.

**The Chairman:** Right, well, now, I appreciate that. Do the people in Estevan read a daily? If they subscribe to a daily paper, which paper would they take?

**Mr. Derksen:** The *Regina Leader Post*.

**The Chairman:** The *Regina Leader Post*—I am sure you would agree that the people in Estevan are as concerned with national issues—the war in Vietnam is one you named—as are the people in Toronto, and I agree they are more interested in local things first. I think your point is well taken but nonetheless they are interested in national issues.

You would agree, would you—I don't want to put words in your mouth—that he must, to be involved, subscribe to either a daily paper or watch television or how does he—

**Mr. Derksen:** Well, this is the point I was trying to make, Senator, that we are distinct in that we serve on a local basis. The daily serves on a national basis, and therefore I agree with Senator Bourque that we are long here to stay.

**The Chairman:** I am not arguing one against the other at all. We have heard a

great deal in the course of this Committee about the increasing role and the increasing emphasis on young people, on youth. You used the word "hippies". Let's not talk for a moment about hippies. Let's talk about just the fact that young people in Canada, and in your province in particular, are becoming an ever more significant cross-section of the community.

How do weekly papers in general, and your paper in particular, respond to this whole youth phenomenon?

**Mr. Derksen:** We do respond in the news on the local basis, by covering all the activities of youth in sport, drama and what-have-you.

**The Chairman:** Do you cover the problems of the youth?

**Mr. Derksen:** Well, as best as we can, yes, but not in depth like we would like.

**The Chairman:** Well, for example, is there a drug problem in Estevan?

**Mr. Derksen:** Not to my knowledge.

**The Chairman:** Not to your knowledge at all—Have you tried to find out if there is?

**Mr. Derksen:** Well, in a recent across-Canada raid, Estevan was one of the cities that was not raided, and we were watching it very closely.

**The Chairman:** Have you tried to analyse why you don't have the problem in Estevan and why they have it in Regina? Really, no, I am serious.

**Mr. Derksen:** No, I haven't tried to analyse it because I have no beginning that I could analyse it from in that sense. But I do believe that the newspaper plays a significant part in keeping young people active.

**The Chairman:** It may be simply that your place is smaller, but I can tell you that there are smaller cities and towns in Ontario that have the problem; so, I am wondering why you don't.

The point was made by Mr. McIntosh this morning, and again the quote which I recall is "reflecting your environment", and I just wonder if the weeklies, and please believe me I don't say this critically, but I wonder if sometimes instead of reflecting your environment, you are so busy carrying social items, if you will which I am not faulting at all—but

I am wondering if sometime there isn't something more meaningful which you are missing. I don't say this critically.

**Mr. Derksen:** Well, we have built a very large educational complex. We follow all the activities in youth. We have youthful reporters.

**The Chairman:** I don't mean your paper specifically.

**Mr. Derksen:** No, but I can only speak about mine.

**The Chairman:** Right, I am sure that's not true, incidentally. I am sure you speak about the others.

**Mr. Derksen:** Well, I could say a lot too, but it might not mean very much. Those are only opinions, but we do run four pages of sport. We do run church news. We do run all the drama and what-have-you.

Now, we have environmental problems. We have a large transient population in Estevan that barely gets settled. We know that we have a turnover of people of 33 per cent a year because of our oil and coal and the industry that we have. It's a transient industry and a lot of transient people come in. But our problems seem to be more with liquor than with drugs, and I agree with one of the Senators of the United States that alcohol comes before the drugs, and we may yet have the distinction of developing into the drugs.

**The Chairman:** Thank you.

**Senator Hays:** Mr. Derksen, are you incorporated?

**Mr. Derksen:** Yes.

**Senator Hays:** Are most of the weekly newspapers incorporated?

**Mr. Derksen:** I would say 50 per cent.

**Senator Hays:** You would say 50 per cent?

**Mr. Derksen:** Yet, that's just offhand.

**Senator Hays:** Do you believe in a press council?

**Mr. Derksen:** I believe in a press council yes. I have a paragraph on it, if you would want me to read it.

**Senator Hays:** No, I just wanted to know what your opinion was.

**Mr. Derksen:** I do, as long as freedom of the press remains. My understanding of freedom of the press is a responsible press. Statements made so freely and erroneously by large papers in covering rural events cannot be condoned and should not be left unquestioned.

I believe that the press will remain free as long as the press is a responsible unit.

Currently the only control of the free press in Canada is the licence issued by the post office department, which could pose a real threat due to its political origin.

I am not against the press council; provided the council is in the hands of actual editors and publishers, and not beset by industrial or political interests.

**The Chairman:** Mr. Derksen, could I ask you one other question? You have been very patient with us, and I apologise. I don't know why we are picking on you. We are not, I can assure you, but I must say and I must confess, this morning, I was somewhat surprised at the attitude of the representative from the C.W.N.A., on the questions we put to them on concentration. I am not critical of them, I was just surprised at their attitude. Do you share the point of view which they expressed on this problem?

**Mr. Derksen:** No, I do not.

**The Chairman:** Could you expand upon that?

**Mr. Derksen:** Well, I believe that a press council would be a good thing.

**The Chairman:** No, on the concentration of ownership. I am sorry.

**Mr. Derksen:** Oh, I am sorry, concentration of ownership.

**The Chairman:** I take your point on the press council.

**Mr. Derksen:** I don't believe it's a good thing, no.

**The Chairman:** They don't seem to be too concerned. I don't want to be unfair to them, but I got the impression they weren't too concerned about it. Are you?

**Mr. Derksen:** I am concerned about the fact that Canada is a large country with few people, and because of its mosaic pattern, no single unit can serve the needs of this country, and therefore unless there is local autonomy, it's going to be a problem.

**The Chairman:** Thank you.

Well, I have two people waiting at microphones. I think Mr. Gagnon is next.

Thank you, Mr. Derksen.

[Translation]

**Mr. Gagnon:** I am Yves Gagnon. With regard to drugs, I might say that our paper covered the problem fairly well in our own area, so much so that I was forced to dismiss one of my reporters because he had acquired the habit of excessive drug use. He had become a habitual user. But apart from this, the subject I would like to mention is one that was discussed this morning, and I was afraid it might not come up again.

It is precisely this question of the usefulness of the local weekly or daily—regional newspapers as a whole. As you know, in Canada, and especially in Quebec, very rapid social changes are taking place, and they are causing unrest among a large section of the population—often the most important section, from an electoral point of view—and problems that create a discontent that hinders the process of change, I believe, both in Quebec and in Canada. There is resistance to rapid social change.

The daily newspaper provides much more general information. The feedback provoked by a daily is generally much less than that of a regional weekly. This feedback is becoming the only source for those in authority, for those who lead, whether they are politicians at one level or another, or social activists. It is becoming the only means of checking to what extent the people are capable of accepting new social changes.

The phenomenon of concentration, of maximum use of purely commercial efficiency, threatens to destroy a large number of regional papers.

I believe—and I am not alone—that if the regional papers are not protected in one way or another,—I do not mean legislation to give them direct aid—then we are going to have a very large section of the public reacting against change, which will hinder the normal development of the country, or of one province. There was a notable example of this in Quebec a few years ago: a number of what I thought were well-meaning politicians wanted to make Quebec develop at a certain speed, but because there was insufficient feedback from the people, especially in rural areas, they were forced to slow down.

I believe this Committee should give serious attention to this question—not merely for one



session, for one day—in order to find ways of ensuring that the most deprived section of the population will, first, receive information, and second, will be able to express itself. That is all.

**Senator Bourque:** Do you have a solution for this situation, Mr. Gagnon?

**Mr. Gagnon:** Solutions exist, and some could be applied immediately. The Post Office was mentioned, and there is a problem there. There is advertising, which should perhaps be looked at much more closely. There is a Senate Committee on Mass Media. I think perhaps there should be one specifically to look into prospects in the advertising market.

As I was saying this morning, with the advent of the big commercial chains that dispense with regular communication links, they find it more practical to put out circulars and flyers for door-to-door distribution either by mail or by distribution companies. This creates the danger of a decline in weekly newspapers' advertising market. So it would be fair to have some form of taxation imposed on the printing and distribution of circulars. This could be a way of making advertising in regional papers pay. We must not delude ourselves; whether we like it or not, we are living in a freely competitive society. I do not wish to call the whole system into question, but it is nevertheless true that the sole consideration today is commercial efficiency.

We have evidence, both in the United States and here, that commercial efficiency does not enable us to solve social ills, and that these then become a financial burden on the community. It is very easy to say, for example: "We do not advertise in the local weekly because it is too expensive." But this does not alter the fact that if the regional paper is not there, who is going to keep an eye on the municipal administration? Who is going to watch over the school boards? Who is going to see that the administration is honest? Who is going to see that taxes are not too high in relation to the services provided? This is a social cost, which means that every citizen has a duty and a responsibility to assume it. Do away with the regional press, and the Montreal and Sherbrooke dailies are not going to take time out to do the job in smaller communities. But a businessman or merchant, even if he does belong to a big chain, becomes established in such markets, and once established, he benefits from the markets in these communities. I have no miracle cure, obviously, but I do think you

should give some very serious consideration to this problem.

[Text]

**The Chairman:** Thank you. I am going to go to this microphone, and then I will hear you at that microphone and then we will move to the next panel.

**Mrs. Christina Isobel MacBeth, Editor and Publisher, 'The Milverton Sun', Milverton, Ontario:** Milverton is a small village near Stratford, in Ontario. Honourable Senators, Senator Davey, I was listening this morning, and I must say, Senator Davey, I share your concern that our spokesmen this morning perhaps did not take more alarm at the thought of a multiple ownership of the media.

As a matter of fact, you reproved us with hard questions, I would say, by asking: "At what is the cut-off point; that is, if you own one paper, two papers, three, four papers—at what point should you not become a member of the C.W.N.A.? And I think that would be a matter that would have to be arrived at by consensus."

Those of us in the Association, say at such and such a point you can't play with us, but listening to much of this, I got the feeling it's sort of like the old story about the old maid who said she wasn't trying to stamp out sex. She was just trying to get in on it. I am not trying to become evangelic; although the honourable Senator thought it might be considered that we could be talking evangelically—I might say that I believe that we as independent newspaper owners, are perhaps the last papers of vision.

I think they have made the world of the individual all-important—the world of the individual—caring about other individuals.

Now, all the big city dailies, all the television stations or the radio stations can possibly do is consider the mix of the population. We see people who still have faces attached to them and still have names. I am sorry to have to say that, but I really believe that the broadcasters in this country, to a great extent, have abdicated their responsibility of talking to people. I think they have sold their birthright. Let's hope they got more than poor ridge for it. They have sold their birthright and are no longer so much broadcasters of media for carrying advertising that happen to be on what they choose to call an "electronic highway". I think that's the case of the broadcasters.

We cannot afford to get into that. I think any one of us who has gone into independent weekly journalism has gone for some other reason, and I would say it's neither money nor power, although we would like to have both, of course—but that's not what took us there. I think most of us had a simple desire to become involved in community activity, and I would like to close with one other comment.

I disagree with one of the previous speakers who said, "We mirror our society". I don't think we mirror our society. I think the daily newspapers possibly mirror it. They take photographs of the community society. We are artists who paint pictures of our society.

Thank you.

**The Chairman:** Thank you. I am sorry, this will be the last comment; then, I think we must turn to the next panel.

**Mr. Lindley B. Calman, President and Managing Editor, 'Picton Gazette', Picton, Ontario:** Honourable Senator Davey, honourable Senators and friends: My name is Lindley Calman. I am the publisher and the managing editor of the *Picton Gazette*.

The ownership is a family corporation under an Ontario charter in which I have the majority of shares and other members of my family have a few shares each.

My newspaper was established in 1830. We are now in our 140th year.

Like the previous speaker, I hold the function of a weekly newspaper publisher, in my case, semi-weekly, is to be involved in community affairs, not just running his newspaper.

I was making a quick list of some of the activities in which I am engaged. I was eleven years a member of town council. I never wanted to go up to be a deputy-reeve or reeve, but I enjoy working on committees and being involved with others.

I am currently secretary-treasurer of the Chamber of Commerce. I am currently a notarian. I am currently a member of three colleges. I am currently a director of the Glenwood Cemetery Board. I am involved in many of my local community enterprises.

I do write each week to some extent, but I have an overall responsibility for those who write for me, those who canvass for advertising, those who sell job printing and price it. I have to be their mentor and guide because, after all, the business has to show a profit.

That, I don't think, has ever been my main purpose in life or I wouldn't have been in the weekly business. I would have remained in the investment business with Wood, Gundy, Securities where I went for a year after returning from World War I, but the list of, shall I say, my connections—is rather amazing—past secretary-treasurer of the yacht club, past president and secretary, if you like, of Picton Conservative Association, past secretary-treasurer of my riding association, currently a member of the Albany Club in Toronto.

As far as involvement in national affairs is concerned, sir, I have here an issue of our paper. On this page I have "Local Liberals rally to hear Mr. Foster in Picton," and that was the Member of Parliament for Algoma, and his picture is right there.

Now, on the second section of this same issue I have Honourable George Hees, who I think heads the Conservative Caucus in Ottawa, and I have Norris Whitney—

**The Chairman:** Who is your federal Member of Parliament isn't he?

**Mr. Calman:** Yes, he is the federal member, and the Ontario member was also at the Chamber of Commerce meeting which I attended as secretary-treasurer. My news editor wrote the report which I supervised.

I supervise the editorial policy. I do not instruct my editor what to write, but I ask him to submit it for change of wording. I mean, I might re-word something that he has written a little better. At the same time, since we are publishing in a one-newspaper town and we have no radio, we have no television, we have no other newspaper, nevertheless, we have to follow a middle of the course road and treat both parties alike. As a matter of fact, I think sometimes that a few of my Conservative friends don't do as much business with me as some of my good Liberal friends.

**The Chairman:** You say, "treat both parties alike". How do you treat the New Democrats?

**Mr. Calman:** Shall I say, give everybody a fair break.

**The Chairman:** Do you give the New Democrats a fair break?

**Mr. Calman:** If there were a New Democrat meeting held in our community, certainly we would cover it and report what they had to say. That's my answer, sir.



**The Chairman:** Okay, that's a good answer. Thank you.

**Mr. Calman:** And outside of that, I hold that my position as a weekly publisher is to meet a payroll which amounts to sixteen or seventeen hundred dollars a week and to make things come out even in the end, and sometimes with a net profit, but I have seen years when we came out with a net loss.

Thank you.

**The Chairman:** We will be getting to Revenue and Disbursements this evening. Thank you, sir.

I am wondering if I may thank the panelists and urge them to remain for the rest of the day and urge them, certainly, to get into the discussion from the floor microphones during the balance of the day. Would the next four panelists come forward, Mr. Cyr, Dr. Miller, Mr. Miller and Mr. Farran—please. Thank you, gentlemen.

Now, on "Content", the first speaker is Mr. Lou Miller. Mr. Miller is the publisher of the *Montreal Monitor*.

I would remind you before we begin, Mr. Miller, that I rap at eight minutes and rap a little harder at nine minutes and then hit you at ten minutes, okay. Thank you.

**Mr. Lou Miller, 'The Monitor', Montreal, Quebec:** Senator Davey, Honourable Senators, ladies and gentlemen, for the past six months or thereabouts, you, the Committee, have had the opportunity of hearing from the greats of mass media, such learned gentlemen as John Bassett, Max Bell, Claude Ryan, Dick Beddoes.

Today is our day, the day of the much-maligned and oft ignored weekly press. My assignment today is to discuss the news operation of a weekly, specifically from the point of view of an urban English weekly in la Belle Province.

What makes our type of weekly—and there are only about half a dozen of us—different from other weekly papers in Canada? Well, not only do we speak to and for a minority, but also we are in combat with the almighty advertising dollar against each other, two dailies, four television stations and five radio stations in the English language, and a still greater number in the French language. Each attempts to acquire a share of the advertiser's dollar, but I am not here to discuss advertising for financing or even printing costs, but rather news content. Before delving into the matter, I wish to place before this distin-

guished body an excerpt from a letter received by me from William Tetley, member of the Provincial Parliament for Notre-Dame-de-Grâce. For those who do not know the riding, it is the largest English-speaking riding in Quebec, and was formerly represented by the Honourable Eric Kierans, and quote:

"The weekly newspapers and the 'Monitor' in particular, are, in my view, reporting to the public much better than any other source, the work of the representatives in local provincial and federal politics. Without them, there would be an enormous vacuum."

The point I am trying to make, without belittling the *Montreal Star* or the *Montreal Gazette* is that English Canadians living in Quebec have a great need for a spokesman or a newspaper which will interpret the events of the day and guide them in their thinking.

This is the role which the *Monitor* attempts to play in this area, hindered seriously, albeit, by a lack of finances and resources; however, while we face strict limitations, we nevertheless provide our readers with a fully informative, comprehensive and, above all, an objective weekly edition of news relating to our particular community.

Suburbanites demand a better than average newspaper. This is because, as the surveys have shown, suburban readers have better than average education and better than average incomes.

The weekly newspaper must show leadership in its community because people read their suburban newspapers to find out what is going on in their home town while they are away at work.

If leaders in industry want to influence the minds of decision-makers, they should air for the medium that gets into the decision-maker's home.

At the beginning of this talk, I used the expression "oft ignored weekly press". This is in direct reference to the amount of advertising placed by government departments in weeklies. The standard that's used in a metropolitan area such as ours is: we are covered by the dailies, everyone reads the dailies. That may be so, but they also read the weeklies because we tailor our product to satisfy their needs. We keep them informed about community happenings and major developments, specifically as it pertains to them. They literally devour our papers, and the government is missing a tremendous oppor-



tunity of getting its message across through the use of paid advertising.

If the weekly press in the suburban communities ceased to exist due to a lack of advertising, it would be more than just the death of another newspaper. It would create a vacuum in our society which will never be replaced.

I might also add at this point that we work very hard at scooping the daily press and we have from time to time scooped them on major news stories. This is because news sources have come to trust us to treat them fairly and objectively in our reporting and editorials. We have the ear of our Members of Parliament, our local civic representatives and the local police chiefs.

As the members of this Committee are aware, the current situations which have and continue to develop in the Province of Quebec are causing a great amount of anxiety amongst the population of the Province and, moreover, within the communities we serve. While it may be a simple matter of stressing pro-English and anti-French messages in our editorials, it is a stand we decline to take.

What we attempt to do is evaluate the facts relating to proposed legislation and attempt to comment objectively if we believe comment is justified.

We frequently discover that speakers rarely relate the negative aspects of such legislation other than the positive and progressive features already mentioned. It is because of this reason that we attempt to be more objective and rational in our summations.

We do not believe in rendering hasty and unwarranted criticism only for the sake of portraying a strictly pro-English image; yet, and you, we have been critical of those individuals, who occupy the seats of government in the Province of Quebec, whom we believe on the basis of their actions abuse the legislative powers to serve their own ends, and as a result, have been instrumental in creating the anxiety which prevails over Quebec today.

We concern ourselves to the extent of being serious, not frivolous, in an attempt to draw together a better understanding of both English-speaking and French-speaking problems and aspirations. In so doing, I believe we are rendering a positive contribution to both the province and to the residents of the communities we serve, in particular.

In discussing the news content of the metropolitan weekly, the question of the news

gathering is often asked. How large a staff is required to compete with the rich daily media, television and radio? Well, basically, the operation is the same as most of the weeklies across the country, be they rural or urban, large or small.

In our particular operation, the news content and editorial policy is resolved by two people, the editor and myself. The editor really is an editor, reporter, re-write-man, leg-man, sports specialist, women's specialist, political seer and above all, long on temper, pleasant on the phone, and prepared to work long hours.

The 'Monitor' through its 46 years of existence has managed to build up a strong string of contributors who have a great following amongst our readers.

The sports columnist is in reality a high school principal who has been writing our sports columns for 25 years as his avocation.

The founder of the paper, although retired from active work, contributes a general news column every second week.

A music-oriented column has been written by the same person for more than 30 years.

Our news service, our Canadian press, our Associated Press and UPI are our readers. They supply the news when they are not busy making it. Together with our friends in government, our well-read contributors and long hours, we manage each week to produce a paper which seems to be in demand in the community.

Sensationalism is a rarity. Good solid news coverage, level-headed interpretation of the events of the day as it pertains to our community and outspoken columnists such as the O'Mearas, father and son—that's what makes a suburban weekly a viable force within such a competitive and frustrating climate as exists today in Montreal.

Before closing—I won't get hit on the head—I would like to answer some of the questions asked of me in writing by this Committee.

Number one: a weekly with a conscience should lead public opinion, never follow it; two, at the moment, there are no controls explicit or implicit over the content of weeklies and there should be none. Our democratic society should, and I believe would, under no circumstances, permit a censoring body; number three, almost the total content of our papers are written or re-written by our own staff. We use very little, if any, syndicated services excepting for filler use, though we

do find on our women's pages that there is a demand for recipes and patterns, and we use these as supplied by the various agencies. Thank you.

**The Chairman:** Thank you very much, Mr. Miller. Ten minutes on the nose. Thank you so much.

Next is Mr. Roy Farran, the *North Hill News*, Calgary. Mr. Farran?

**Mr. Roy Farran, 'North Hill News', Calgary, Alberta:** Mr. Chairman, honourable Senators: I apologise in the beginning for my unorthodox style which is to follow, but after hearing so many other speakers, maybe I won't be as far off the beam as I expected to be.

From five hundred rugged independent newspapermen, you are undoubtedly going to get 500 different points of view.

Now, I know that people nowadays tend to talk in a sort of jargon that originates with those university professors with mickey mouse degrees like sociology and political science and communications. You know, they talk obliquely, using such words as "meaningful", "commitment", "establishment", "involvement" and they avoid the truth in simple Anglo-Saxon phrases.

Now, the truth as I see it is that a newspaper is an economic enterprise whose first duty is to survive. That's its first duty, to itself and to its employees. If it doesn't survive, it cannot do any of the things which these woolly-headed professors think it should because it would be dead.

Now, by freedom of the press, we—I mean that in the royal sense—I should say, I—mean the right of any free citizen to start publishing a pamphlet, a newsletter, a flyer, a dodger, a weekly, daily or a periodical of any sort without a licence.

These sociology professors can start one. They can start one on the university campus, in the Senate. They don't require a licence, but they won't be around to broadcast their views for long, if they don't understand that their first purpose is to survive economically, unless, of course, they are subsidized by the state which, I hope, is unthinkable in Canada. Of course, they don't often understand this.

You have got to remember that professors of English seldom write bestsellers and I suppose it's true that playwrights always resent critics, just as I confess to a little inner resentment at the very existence of this Senate Committee. It's an inner resentment that's already being tailored to some extent

because for the first time, I am beginning to realize how hard Senators work; for years I have criticized the Senate as being a useless organization. Obviously if they are going to make anything meaningful out of this great barrage of different opinions, they are worth quite a bit.

Now, the basic economic pattern of newspapers is that they are carriers of advertising, whatever this charming lady in white thinks. Their economic success as advertising carriers depends directly on their acceptance by their readers. Newspapers have existed in history without dependence on advertising, but in recent decades, it has been unusual to depend on circulation revenues alone.

Although I believe that historically the political pamphlets of people like John Wilkes demonstrated freedom of the press, our *raison d'être*, today, as newspapers, is as conveyors of the news.

Now, everyone has different ideas on content and make-up of newspapers, but I think that reporting of hard news is our most successful function. Printed media are the most honest media—somebody else said this—they must stand up, be counted much more than those who deal in the transient glimpse of television or the transient voice of radio. The words are there as evidence to analyse for the lawyers to mull over, to look at from all sides. People like this, and the newspapers can also be more exhaustive in detail in their treatment of a story. They are a better mirror of the contemporary scene, less of a distorting mirror.

In content, their first determination is to carry enough advertising to pay the bills and to make a profit. The more advertising it sells, the more editorial content it can carry. The economic box car is only so big; so, the size of the paper is governed directly by the amount of ads you sell.

Then the second determination—it only comes second—is to report the hard news, fill in the space between the ads. For a local weekly, the idea is to endeavour to get the real grass roots news that is missed by the media that are less parochial; to use local names, addresses, marriages, births, deaths and what my university professors, or even Senator Davey perhaps, might call "trivia" are much more important to the weekly than the American involvement in Vietnam.

Our third function after reporting the news is to entertain, and I call many provocative editorials and gossip columns a form of entertainment, just as much as the comic strips.



Only a poor fourth, comes the educational function which bleeding hearts, altruistic people think should be first. These professors think that's our first duty, but I say that education is primarily a matter for the school boards and not for the newspapers.

My organization owns two weeklies, a suburban weekly and a rural weekly, and we print some 30 or 40 weeklies owned by other people. Our approach is different as between the suburban and the rural weeklies.

The suburban weekly devotes 30 per cent of its space to twisting the tails of local government at city hall. I am an alderman and my tail is twisted by it as well. Senator Hays will remember his tail from time to time was twisted in the past. It's controversial, and it steps on many toes. It has its boring pages—to some people, it has very local news about community clubs and the PTA and Tiny Mite hockey inside, but it does superimpose on that an impish veneer. We are cheeky. We are not like the *Montreal Monitor*, apparently. We are more brash than the dailies. We are small, but we shout louder. We have little dignity. We give the impression that we are sort of a little man's giant-killer.

Now, the rural weekly, on the other hand, is seldom controversial. Its editorials are what all farmers would think. In other words, they are leading us. We are not leading them, and apart from the gossip we call "Country News", that comes in from various districts, most of the stories are about markets and prices and down-to-earth agricultural business; we do run into national farm news as well.

I believe that all newspapers of any consequence tend to be intimidated by the courts. The law does not recognize any watchdog duties by newspapers on behalf of the public, and I think this is a pity. The courts give no more rights to newspapers than to any other citizen, not even the qualified privilege which is possessed by minor levels of government. Senator Davey said we were privileged here. There is some doubt whether we really are, outside the halls of the Senate itself. Newspapers are much more circumspect than in the ambunctious days of yester-year, Bob Edwards of the Calgary Eye Opener and so on, when the press was much freer. The courts have not recognized lack of malice or defence. Even truth is not a complete defence in Canadian courts.

We personally do not like columns. Almost all our content is written by our staff, by ringers or by part-time correspondents. We

don't like news releases either. We regard them as a sort of hoax pulled by the advertising agencies. They call it, "public relations"—diverting money into their pockets that should be spent on real advertising of benefit to their clients.

We would not object to a press council to arbitrate upon such matters as journalistic ethics; provided that their powers were limited to public reprimand, like the British council. In fact, in a way, we would welcome them to perhaps secure for us some rights we feel we should have.

We would object to any government interference with the freedom of any Canadian to print his news and views without a licence. We don't like the trend towards concentration of property in too few hands in all business fields in Canada but we don't personally feel particularly frightened of big newspaper chains. Southams can fall; Kemsley and Northcliffe did in Britain, and Thomsons can still rise from the ashes only to fall again. Just so long as we are free, somebody will come along and knock them off their pedestals some time. You can't legislate against bigness in the media any more than you can legislate against supermarket chains in favour of corner grocery stores. Thank you.

**The Chairman:** Thank you, Mr. Farran. That was eight minutes. I say it was eight minutes because I think that somebody may feel I was afraid to tap for fear you would think it was government interference. In fact, it was simply eight minutes, and because you took my name in vain several times, I would only say to you that anybody who twists Senator Hays' tail several times can't be all bad!

Our third speaker is Gérald Cyr, 'Le Nouveau Progrès', St-Jérôme, Quebec. Mr. Cyr?

[Translation]

**Mr. Gérald Cyr, Publisher, Le Nouveau Progrès, St-Jérôme:** Mr. Chairman, Honourable Senators, I do not wish to take up all the points raised by our association, particularly by Mr. Gagnon, our President. But I did agree to express the point of view of the provincial newspaper, and give you an idea of the conditions under which we operate.

I own a newspaper in a city of 30,000 near the metropolis of Montreal. In essence, our news coverage has to be restricted to the city and its immediate surroundings. There are two reasons for this: first, our readers demand local and regional news; second, national and international news receives



ample coverage in the dailies. As was mentioned this morning, I fully agree with Mr. Gagnon's view that the weekly serves to mould public opinion. As was said just now, we do not follow it, we help to shape it. The weekly is the mirror of the community. In a way, it is minor history that is recorded everyday. The news printed in provincial weeklies is written mainly by their own staffs.

As far as French-language papers are concerned, there is no agency capable of serving us. It is pointless, therefore, without painting too dark a picture, I would nevertheless like to acquaint the Committee with the difficulties that weeklies face. In my opinion, the difficulties are pretty enormous, and pretty serious. Some have already been mentioned, and I shall add a few of my own. One factor is the drop in national advertising. Radio and television go into people's homes and cost them nothing.

Some Quebec papers—including my own—have adopted a system of free distribution, and they now number about twenty. I think the fact that this has happened is fairly significant.

Personally, I should like to point out that the main problem, in my opinion, is in the area of staff training. We are constantly having to train new employees, and this costs us quite a bit. As you know, even if we consider only provincial weeklies, there is no room for amateurism these days. You have to perform like a real professional. When we have finished giving an employee the proper training, he starts to get offers, he sees openings in the big cities or even in government, and he leaves us. We are quite unable to pay the rates offered by government or big business, because the publication of a provincial weekly newspaper is almost entirely a labour of love.

Like many others, our paper has managed to survive solely because one or two people contribute their time without remuneration. Whenever we have to train staff, it costs us time and money. I will take the liberty of making a practical suggestion to the Committee.

We want government subsidies for the time it takes to train staff. We feel that an allowance of some kind should be paid for the training of our staff, since no suitable school exists, and even if one did, we would need training different from what can be taught in a school. Here, I have another practical

suggestion to make. I would suggest an allowance covering 90 per cent of the salary for the first year, 60 per cent for the second, and 30 per cent for the third. The selection of candidates qualifying for the allowance could be handled through the Canada Manpower Centres, as is now done in the case of manpower retraining courses.

Secondly, it seems to me that the Government of Canada should try to give more support to provincial press enterprises by sponsoring more advertisements designed to familiarize people with government services. At present, what advertising revenue there is comes from a few announcements for the Post Office at Christmas; Public Works announcements, which are few and far between; occasional notices from the Crown Assets Disposal Corporation; and finally, one or two advertisements for savings bonds. We feel there is much to be gained by informing people about such things as taxes and social benefits.

We regularly receive large numbers of press releases from various departments that are of real interest, but we cannot publish them because we do not have the space, and we do not have the space because we do not have the revenue.

We feel that the Government of Canada should buy about six thousand dollars' worth of advertising from a provincial newspaper every year—an amount equal to the salary of a government clerk stationed in a city to inform the people of the services the Government provides. In this case, instead of having a clerk on the spot, the information would flow to the people through the newspaper. In my opinion, press enterprises deserve support from government, since they contribute to the life of the community just as a theatre group contributes to the cultural development of a region.

On this point, we would point out that the Government of Quebec attaches more and more importance to press enterprises, and now grants a very substantial volume of advertising through the Quebec Information Office. Information from the various departments comes through this Office, and we find this a very practical method. Thus, while it gets more out of the newspapers, the Government of Quebec gives them more and more paid advertising, to the great satisfaction of both parties.

In conclusion, I would say that I believe your Committee is on the scene at the right

moment, and many newspapers are expecting a good deal from you. Thank you for giving us this opportunity to express our views.

[Text]

**The Chairman:** Thank you very much. Thank you, Mr. Cyr.

The final panelist in this particular panel is Dr. A. I. Miller, the *North Renfrew Times* from North Renfrew.

**Dr. A. I. Miller, 'North Renfrew Times', Renfrew, Ontario:** Thank you, Senator Davey, honourable Senators, ladies and gentlemen: I speak with some diffidence as an amateur surrounded by professionals, indeed not even as a Canadian. I have to impose on you a short but necessary preamble.

The *North Renfrew Times* is a small-town newspaper, is published in Deep River—population about 5,000. It's an unusual newspaper in that no individual participates in the profits and in that most of the copy is generated by unpaid volunteers. The paper is owned by the Deep River Community Association, which is a non-profit corporation of the clubs and societies in the town.

The object of that Association is to promote recreation of all types and most of the newspaper profits go for this purpose.

The actual operation of the paper is in the hands of an unpaid editorial board, usually of about six members, and who have complete control over the news and comment content of the paper, except that the Community Association may request the resignation of any member of the editorial board, something that has never happened, but otherwise they are completely free.

We are inevitably very deeply rooted in the sad experiences. Further than that, some of the community. The people that work for the paper, both as volunteers and the handful of part-time paid employees, absolutely need to have involvement in at least some sections of the community life.

Where this isn't so, we have had several editorial board members have to have very long and very deep involvements in the community, if we are to effectively report on the news and to comment informatively on it; and it is important too in our ability to identify as part of the town by our readers.

The less important, not only in a passive sense but in the active one of obtaining contributions to the paper—the hard core of our news comes from the various clubs and societies. We also have a regular number of fea-

ture writers and reporters who are unpaid like the editorial board itself, and of course, we receive a fair number of letters to the editor that are, I think, of very high standard. We are different in this respect from the first speaker on this panel in that our correspondents or feature writers come and go. They will be with the paper for perhaps two or three years and then someone else replaces them. It's a steady stream and this is true of the editors too.

I would say that we are very deeply involved in the community that we serve, and I think that this is certainly what weeklies ought to be.

That, in a way, is what the community does for the newspaper, but what should and does the newspaper do for it? There are two functions that I would like to particularly highlight as especially important. I believe that a paper should be a tremendous cohesive force in the community. I think there is a special challenge to weeklies here, particularly at this point in time because our communities are growing larger, and I don't mean in the physical sense of growing suburbs. I mean there is growing importance of county council. County school boards have appeared in Ontario. There is a fairly obvious trend, in Ontario at least, towards regional government and weeklies have to try very hard indeed to present this enlarged community to their readers.

In our area at least, I don't think any other medium is effectively doing this. This is particularly true for Deep River. It's a relatively new and implanted community. It was founded in 1945 to go with the Chalk River Nuclear Laboratories. It has only very tenuous links with the surrounding area, and about 50 per cent of the people in our town are not Canadian, at least in origin.

We try in our immediate area outside the town, the villages round about, to strengthen our reporting of events there. And in the county at large, we have begun a weekly review of events that are happening elsewhere in the county to help identify the people in our town with the county.

I think I can say safely that we are doing an excellent job of reporting the county school board, and I hope we are working our way towards good in-depth reporting of county council.

This leads me on to what I consider to be the most important function of all for a



weekly newspaper and that is objective reporting and comment on the activities of the various elected and non-elected public bodies.

I often suspect that weekly newspapers must be the only effective counter-balance to and channel of information flow from the local councils. If it wasn't for our reporting, and to a lesser extent, our comments and the comments that we print from readers, democracy at the local level, I believe, would be a complete sham.

I am speaking from experience here. The part of Scotland that I grew up in had a feeble weekly press and democracy at the county level, the local district council level was a sham. It was completely disreputable. It didn't do a tremendous amount of damage. It didn't have perhaps as much power as local government does here, but I think this is a tremendous danger.

If we ever lose the weekly press, we lose local democracy.

How then should we handle our reporting of the local government and the like? You have asked whether we should lead or follow the public opinion, and I would say quite categorically that we should attempt to lead it, but we have got to be very careful in doing this that we never slant our news coverage as distinct from our editorial content.

If we are going to be an effective leader of opinion, then you have to be reasonably credible, and that means that you must scrupulously search out the other person's point of view. You have to be respected as a source of comment. To this end, we sign all our editorials. They are written by different members of the editorial board, but all are signed.

I believe that to follow public opinion rather than to lead it would disastrously undermine the thinking public's respect for the paper, and in general public opinion seems to me to be usually behind on its information. A newspaper should both argue its own views and attempt to provide the information and a forum for meaningful discussion of alternatives.

There are some areas where I think we must keep editorial comment out; for example, our standing procedure is for no editorials on narrow party political lines—we can't tell our readers in our editorial columns for whom we think they should vote at elections. This doesn't include comment on government policy.

I think the test here is whether we have an effective discussion with anyone. If we were to blast a particular party or support a particular party, at the federal or political level, there would be very little come-back to us. We have got to realize we are tremendously powerful and it's all right as long as there is someone to counter-balance it, someone to discuss or somebody to put up the other point of view, but there are so many areas where we have to keep out.

Freedom of the press seems to me to mean a number of things. It's the freedom to publish anything that ultimately is in the public interest, and I don't define the public interest to include selling newspapers, I am afraid. It's freedom from bias in reporting, since a press, that's tied to opinions of its publishers or editors in news reporting, isn't free. It's freedom from any substantial influence from any pressure groups. You must be free to decide yourselves as editors on your editorial comment. It's freedom for all points of view to be expressed not just the ones you believe in. It's not a sort of freedom that's easy to come by, I suspect, but even if we never fully attain it, the closer we get to it, the heavier is the responsibility that's put on us as editors than would be the case under controlled conditions where we had to follow a particular pressure group's opinion.

This leads me on to the control of the press. I don't believe that the press is entirely free even if all the other elements are available. We have got the normal restraints of libel, of course, but there are restraints from public opinion too. If you annoy people by your reporting, you very rapidly lose your influence, annoying them in the sense of annoying them trivially, and this is especially so, of course, with a special section of our public, our advertisers, as it affects our editorial rather than our news content.

News content, I believe, we must publish without any question of considering anyone else. When it comes to annoying advertisers in editorial comment, then I think we have to think carefully, but we have on occasions knowingly gone ahead and annoyed our advertisers. We have lost advertising accounts as a result of this, but I think we would not be serving our readers if we effectively were an extension of the chamber of commerce. I think to an extraordinary degree, we are free from these commercial pressures because no one's really particularly worried about making money for themselves out of the paper. Of course we are restrained, as well



as in the normal ways, by the need not to damage our confidential channels by irresponsibly leaking information. We are also very definitely restrained by our collective editorship.

A press council? I don't really think we do need a mechanism like the British Press Council to discipline the weeklies. I somehow doubt if there are hardly any cases that are of the sort that seem to come before the British Press Council. I suppose there are some exceptions and perhaps it would be useful for those, but I would agree with an earlier speaker that a press council should be of the sort that would reprimand rather than have any real power over the papers.

Syndicated news—I would say this was definitely inappropriate. I seem to be in agreement with the other panelists on this. It is a local newspaper, and outside material should never pre-empt space. I go as far as to say that a weekly that relies heavily on syndicated material is a very sick paper, and despite not following Mr. Farran's first point as our cardinal principle, I am happy to say we are still surviving.

Thank you.

**The Chairman:** Thank you very much, Dr. Miller.

I am going to once again go to the floor microphones. We will follow the same procedure if you will go to the microphones. We will call on you in order. Perhaps while people are going, I might ask Mr. Farran just one question.

What is the circulation of the *North Hill News*?

**Mr. Farran:** 16,500.

**The Chairman:** Sixteen thousand five hundred?

**Mr. Farran:** This is paid but every once a month on average we stretch our arms to full coverage, and "full coverage" means saturation coverage of our area; then it goes up to 5,000, so average total circulation would be, I think, closer to 19,250.

**The Chairman:** What is the circulation of the dailies in Calgary?

**Mr. Farran:** Circulation of the *Calgary Herald* is 84,000 in the metropolitan area. For the *Calgary Albertan* it's around 19,000 in the metropolitan area. I hope I am not doing damage. I am giving round figures. This is according to my recollection.

**The Chairman:** You have made the point that I wanted to make that your circulation is about equal or I thought perhaps a little bit ahead of the...

**Mr. Farran:** Of the morning paper.

**The Chairman:** Of the *Albertan*, yes. Have you ever considered going daily?

**Mr. Farran:** We have considered it but I guess we have got kind of fat and complacent in recent years. We have considered challenging the *Edmonton Journal*, and we have a plant in Edmonton, and we have worked out the economics, and it would be a marginal operation. I would be gambling. If I were ten years younger, I might do it.

**The Chairman:** Mr. Farran, I may ask you then if you were ten years younger and you decided to do it—This is not a facetious question, I am curious to hear your answer. Would you have the same priority if you were a daily publisher; in other words, you say your first determination is advertising? Should that be true in the daily newspaper as well?

**Mr. Farran:** Yes, I believe this; looking in my crystal ball as to what's going to happen in the newspaper field—I believe that eventually when Canadian advertising agencies become better than they are now, as advocates or advisers to their clients, newspapers, radio, television, will all be judged for merit on sophisticated public opinion polls. They won't be relying on about 50 postcards to judge the radio stations. They won't be relying on circulation and nothing else for judging printed media, and they won't of course, just be taking the simple point of view that so many people watch television, and there is only one channel so we have to put everything in one television.

Looking down the line, I believe that eventually all newspapers, daily and weekly, will be free; that you will have landing on your doorstep each morning free newspapers, and the value of those newspapers will be judged on their quality because they will all have saturation coverage of a certain market area.

It will be how well the news is presented and how much the public like it.

**The Chairman:** And depending on how much advertising they carry?

**Mr. Farran:** Yes, it will, because the most successful ones will carry the bulk of the advertising. If there is no circulation revenue at all, it would all depend on advertising.

**The Chairman:** Well, we have people waiting. Senator Hays, yes?

**Senator Hays:** The *Albertan*, Mr. Farran, say they have a circulation of 35,000. They tell me this. That would be throughout the province?

**Mr. Farran:** Yes, that would be throughout the province. They put 5,000 every morning into Edmonton and they put so many into Lethbridge, so many into Medicine Hat. Their Saturday edition has much greater circulation than the week days.

[Translation]

**Mr. Jean Laurin, Representative of Hebdo A-1:** Mr. Chairman, I represent Hebdo A-1 Incorporated, which in turn represents 20 ABC weekly papers in Quebec. I would like to express a view which has nothing to do with the intellectual aspects of the problems discussed today. My job is to act for these papers in the field of national advertising...

[Text]

**The Chairman:** Well, now, may I just say—May I interrupt you long enough to say that I said we would give the widest possible latitude indeed. The one regret I have is that even the panelists, all of whom have been excellent and none of whom—I am in no sense being critical—I think, been inclined in their presentation to address themselves to a general discussion of weekly newspapers, and I don't say that critically, but I do want to keep some semblance of order, and we are in this panel, theoretically at least, dealing with the content of papers. This evening at seven o'clock, we have a panel devoted in its entirety to revenue, and I would think that that could be the time to make comments on advertising. It's in the solicitation. I say that with great respect. Thank you so much.

Do you want to carry on then? You will wait until this evening? Thank you so much. I appreciate that.

**Mr. Hoodspith:** I am Hoodspith of the *Lions Gate Times* out in West Vancouver. I wanted to underline a statement made by Gérard Cyr from St-Jérôme, Quebec on the point of bringing up, training future journalists. This is a very serious problem of our industry, and now I am speaking not only for the weeklies, but also the dailies, and I would charge the Senators of this Committee when they are finished with this complete hearing, to consider bringing or establishing or striking a group

made up of daily and weekly and probably magazine publishers, owners or managing directors to work with members of your Committee to bring up ways and means of establishing a federally-supported school of journalism across Canada.

Now, this is very broad, but this is important for the industry, and it's something that will have to come sooner or later because there are about three ways in which a person can become a journalist.

He can work with his old man in the plant. He can go out after school, if his or her father is not a journalist, and possibly get a part-time job in the summertime or else go to the university.—There is one more way—to go to the university, get your B.A. and try to work on the university newspaper. The last way is to go to an established journalism school. It's a private enterprise, but there are many who do.

**The Chairman:** Could we go and work for an underground newspaper?

**Mr. Hoodspith:** Yes, sir, no problem, yes, you can, yes. I don't think you even have to grow anything. Just go and be with them and know their thing.

**The Chairman:** But, I mean, that can be done?

**Mr. Hoodspith:** I beg your pardon?

**The Chairman:** That can be done?

**Mr. Hoodspith:** Yes, it can be done, but this is something that I feel that if the Committee in its deliberations later would give this some thought whereby some sort of a scheme could be arranged and you could draw from all the organizations across Canada in the mass media and in the printing media, etc., and come up with some.

**The Chairman:** You wouldn't include the electronic media in this

**Mr. Hoodspith:** Yes, in the journalistic field, yes, this is true.

**Senator McElman:** Mr. Withers, in your in-depth reporting of such matters, you said you refer to dope and pollution and similar matters. Do you do your own research or do you follow leads of the daily newspapers?

**Mr. Withers:** Any following done there, it is done by the daily newspapers following us. I worked for the *Gleaner* several years ago and they had a different policy there. At that time I was assigned to do an eighteen-part series



on pollution of the St. John River. I went from Saint John to Edmundston and back again, dipping my pinkies in the water the whole length of the thing, taking pictures, interviewing people and telling the scene. This sort of policy died with Mr. Irving's take-over as far as the *Gleaner* is concerned.

[Translation]

**Mr. Yves Gagnon, President, Les Hebdomadaires du Canada:** Mr. Chairman, I should like first to ask you a question: do you intend to have a session on the press council, a day that will be devoted exclusively to the subject?

[Text]

**The Chairman:** Well, as I understand your question, you are asking: Are we going to devote an entire day to a study of the press council? Is that your question? I don't think that we are. In the guidelines we forwarded to people who are appearing before the Committee—and as you know, we have heard from a good many publications—one of the specific questions we have asked is about a press council. Consequently, we have really an enormous number of views on a press council now. We have many, many proponents and many antagonists. As the hearings complete themselves, we will hear a great deal more about a press council, I am sure.

It is not our intention specifically to have a day devoted to the problem of press council because almost every day we have heard something about it and discussed it. Does that answer your question?

**Mr. Auclair:** Well, it answers my question, but the thing is that I have seen by some of the remarks, that I think that many of us are not too well informed about what the press council should do and what it should be. There was a request by Mr. Bureau who is the secretary of the committee on the press council in Quebec, to present to you some information and facts on what is being done in Quebec.

**The Chairman:** Yes, Mr. Bureau, when he appeared before the Committee, promised that he would forward this material to us. Subject to confirming with the staff, to the best of my knowledge, we have not yet received the material, but it has been promised, and I am sure that it will be forthcoming. I think, in the comments that you made about press council—I think you were referring, with no lack of respect, I am sure, to the comments of our guests here today, because the Senators haven't really spoken about a

press council. I can only say to you we have an immense amount of research material on press councils. It will be augmented by the material that Mr. Bureau is going to forward to us; so, I can give you that assurance.

[Translation]

**Mr. Gagnon:** In the discussions we have heard, I have noted some extremely interesting and perhaps very realistic concerns—for example, the statement that a newspaper is first and foremost a commercial undertaking. In fact, it may be true. I agree it should be said, because it is factually accurate. But, say, for example, Mr. Renaud D'aoust decided to allow advertising in his paper, telling himself that this would make it possible to lower the price and inform the people better; this illustrates that we are moving today towards a totally different concept that the newspaper is first of all a business, and the information function is becoming secondary.

At that point I wonder whether the role of a press council would not be just that: to see that the public is well informed and to act as a kind of buffer between strictly economic requirements and the public's right to be informed.

It has been stated often that the newspaper is primarily a reflection of the community. Having spent a number of years organizing clinics throughout Quebec, and having seen something of all the papers—this is as true of dailies as it is of weeklies—I note that the media are all too often becoming a mere reflection of their environment. For example, I worked for almost a year on the CBC's English network, and I observed one public affairs program that was trying too often to please and flatter people, rather than trying to act as a stimulus in the community.

Another point that was raised—it is often stated that newspaper editors and proprietors are respected members of their community who take part in political and social activities and other activities—I wonder. I think it was Leslie Roberts who said at one point that a journalist who decides to go into politics ceases automatically to be a journalist. I believe that a journalist who becomes president of the local Chamber of Commerce automatically ceases to be a journalist and becomes—unwittingly, perhaps—a propagandist for the Chamber of Commerce.

If we look at newspapers, we almost invariably see that they are a reflection of the Establishment in a community. If I were a 20 year-old student, I wonder what I would find



to interest me in daily and weekly papers and magazines—what might fulfil my needs. We made an experiment of our own in 1963; we gave some students a page on which to express themselves with complete freedom, with absolutely no control short of the Criminal Code. We had a tremendous number of protests—not from the students—far from it, they all read it—but from the Establishment in the community. College trustees told us: “You should not allow students to stir up their fellow students; they do not have the necessary training to express themselves”.

Today, one of our greatest problems is the widening gap that is developing, first, between the younger and older generations, and second, between rural and urban communities—to say nothing of the growing gap between different ethnic groups. I believe that newspapers content to be primarily reflections of the communities they serve, and concerned mainly with projecting the image of the local Establishment, are creating a difficult future for themselves, because there is an entire generation of young people who, will totally reject it. I think it was Mr. Lindbergh who said that with the best newspapers in the world in Germany—because the Germans, after all, were among the world's greatest readers—this did not prevent the deaths of six million Jews.

[Text]

**The Chairman:** Thank you, M. Gagnon. I am going to perhaps suggest we hear only one more speaker. It is 5.15. We will hear the one last speaker and then we will adjourn until this evening. The last speaker I really should introduce because she is an old friend of mine, but in compliance with the ground rules, I set myself, I am going to ask her to introduce herself if she really has to.

**Mrs. Margaret Murray, Publisher, “Bridge River, Lillooet News”, Lillooet, British Columbia:** Thank you, Keith. Well, I am Margaret Murray, and I am perhaps the oldest publisher in the room, maybe in Canada. I don't know. I came in from the United States in 1912, and I married a newspaper—that is, I hooked the editor and publisher after I went to work on this newspaper.

I have had the distinction of being at the first convention The Canadian Weekly Newspapers Association ever had in Vancouver when J. B. Livas was made the first president; so, I have been down along the line with CWNA all during its whole time. I got mad out here about eight years ago, and I

jerked my little paltry sum that I paid in as my dues because I thought they weren't doing a job. They really died and they really haven't come back to life yet.

I couldn't really let this convention go by—not that I want anything. I am not having any troubles any more although I edit a weekly newspaper every week and I can safely say, barring fires and accidents, that I brought out a newspaper one way or the other, either on the mailing stick or at the typewriter keys, for the last 56 years in British Columbia—consecutive years, too.

George, my husband was a politician between times and he had eight years in the provincial legislature and eight years here in Ottawa as an M.P.; so, I know pretty well the gambit from one end to the other. I hear you talking about all these troubles that you are having and the difficulties the publishers face themselves with today and I can truthfully say that it is your own bloody fault that you are in trouble, I really believe and I have seen it; I am not going to take one word back of what I said. The press in the last 40 years has been selling the people down the river as fast as they could.

Now, I thank Senator Davey for writing me—and he wrote me a long time ago. Immediately his letter came, and I said to my staff—“Well, now, somebody in my family has got to go to that convention because it's damned high time these people were told where to get off at”, and I tried to get my son who publishes the *Alaska Highway News* to come. I tried to get my daughter, who has come out and joined me recently because now I am almost in my 83rd year, and that's about time I quit. But I can't quit, and I can't afford to die because there are so many things that still need to be done. I had thought too, like somebody else I heard the other day, that the Senate was pretty much of a lead weight having been down here and writing about them for so many years; but now I am beginning to believe that the Senate is now the best influence, because the Commons and the provincial legislatures would have run away and tried to commit murder on the people as well as letting them down these last 40 years if we didn't have the Senate here. They know they're there; they know they can veto any thing that they bring along, and God know they need to veto an awful lot at the present time, in my opinion.

Besides and we had to pay our own expenses. A guy doesn't lay out about \$350 come down here, not to have a little bit out

it himself. If you have, any of you, followed newspaper work along the years, you know that there are eras in the newspaper and in the publishing field, and they will go on with some fellow like Northcliffe or like Senator Capper from Kansas will come along and they will build up large dailies and they will just beat the cat's whiskers. That is exactly what the people want and they will go along for about 40 years and they will begin to come down in a crescendo, like Senator Capper—he thought he had the world by the tail, and I am from Kansas and I know the old boy, but you see he came down and he worries me now kicking up the daisies some place. He did what good he could while he was there but his time was over. It is high time that we took a new look at ourselves as publishers in Canada and that goes for dailies, for the weeklies and for the periodicals.

Now for the new deal that's coming in, the electronics, as they say—the TV and the radio which is coming in to us in a very unfair way. I was glad that somebody brought up that the people sit in their chairs and they listen to this grunt box and the radio—I am a radio fan myself. I think the television was probably all right for the sick and those who can't get out and that kind of thing, but my God, to sit down and listen evening after evening to that makebelieve on that television—I think there is something wrong with people's minds. And between the television and the laxness of the dailies, the dailies have let us down terribly in my opinion. There is no teeth in any of the editorials outside of probably the *Toronto Globe* and it's pretty mild—been pretty well sawed off—hardly left in Canada.

The *Sun* and the *Province* don't even belong to us any more in British Columbia. They are owned by outside capital and they push up the worst milk and water even when we have elections and when they know ruddy well in their hearts he was right. The dailies have let us down. The publishers have let the people of Canada down.

You talk about these journalistic schools that you have. Nobody who's got something to write about and something in his heart, has to go to any school to learn how to express himself. The best newspaper journalists that we ever had were those who never went beyond the eighth grade. We have got so many words today. There is so much talkie-talk today that, my friends, if you don't stop and pull up your socks and begin to find out

what is wrong with the whole deal, you aren't going to have any newspapers.

Here we are almost heading into a dictatorship in Canada. Why are we heading into it? Because the newspapers fail to make any comparison in their paper at all.

Now, here we have in British Columbia Mr. Bennett, and because he was at loggerheads with Ottawa, Ottawa didn't know what they were talking about. They had joined Diefenbaker and Davie Fulton on this Columbia Treaty. Neither one of them knew any more about the water and the flood preservations than a hog knows about Sundays but they went to work and what did they do? Between them, between all the treaties that they made, and God knows I for one tried, myself, to get a decent ratification out of them and, goodness on earth, some of you here must remember the eye-opener on the Columbia in 1962 nine months after that Treaty was signed by Diefenbaker, and that when they re-ratified that and Pearson gets in, he doesn't know any more than Diefenbaker did. He goes to work and he puts the guy from the Yukon on it, that Gordon fellow—you know, the fellow who rang the bell—like treaty fellow, you hear, and what did they do? They have made us through that Columbia Treaty—put snails in British Columbia in perpetuity in the United States, because as long as the water runs, we have to provide flood control for the Columbia Valley in the United States. I am ashamed of my own country that there are such sharp traders and, as a matter of fact, the United States' engineers tried to hedge with Diefenbaker of him on the Saguenay Club in Quebec when they went down to that—not the last ratifying but the one before the Pearson government came in in minority, and there we are, accepting half what the deal was of 478 million. We accepted 270, Mr.—is such an eager beaver. He wanted to get on with the job and they are now gift wrapping and tearing up the Kootenay Valley. They already have the Columbia pock-marked like a turkey egg with dams all the way down wherever there could be any water held back, and as long as the water runs, we must provide flood protection for the Columbia Valley.

Now, that is what comes from papers not doing what they should be doing. You know, the people have gone hog-wild, the publishers. I have heard people here today talking about this business of these weekly papers as an industry. It's not an industry. It's an establishment. My goodness, whoever expected to



make any money out of newspapers? If you had the opportunity—and now I have not only been in the newspaper business since I came up here and joined my husband, but I can remember when I was a little girl that the most looked up to persons, in Kansas were the editors of the little dinky weekly newspaper and if there was something wrong and they couldn't manage it as they were, they would go back into the files and they got something that happened 20 or 30 years ago, lay open the damages that was done by fool-hardy tricks that the people let themselves in for and they usually did what would stem the tide on that particular thing, and today I think the publishers of Canada need an awakening.

I think you have got to get down on your knees and ask God to give you light to look a little bit beyond money and the paycheques and that signature on the end of the cheque.

Today—I don't need to tell you. You all know about it. We were talking about ABC the other day, and the other man, thank God, he didn't join us. I wouldn't join it. They came to me and I said if I had been in the newspaper business 50 years in British Columbia and I am not honest enough to tell you whether I've got 300 subscribers or 1300 and if I was you, I won't even join up, and I didn't either, and I put it on my rate card.

I said if you can't take my word for it now, it's high time I quit.

Well, that's fine, we have all these fabulous advertising ABC built. Now, when I first came to Canada I made a trip down to Montreal for this Chinook caper that we were printing. There were only two advertising agencies in Canada, and one was old Jackie McConnell at Random and Ferguson and the other one was Johnson, McNim in Montreal, and I have seen this great and enormous and fabulous and opulent note of advertising; the super-sales idea that we have had.

Now, I don't blame them. If people are saps enough to pay out 25 per cent—I was right here in Ottawa or in Toronto and put up the fight and pretty near drew blood when they used to charge us 25 per cent commission. We finally got it down to 15 per cent commission, and so here we have this ABC. Nobody will take your word for it. Are you dishonest? Do you go to work and tell somebody that you have 30,000 subscribers and you only had about 3,000? You would know very well that somebody is going to find out, and I think that the time has come when the publishers

of Canada have got to take a new reading of themselves, and they have got to go to work and do something else with regards to the mess they have got the printed word in today, the press, news media, the weeklies and the dailies made lots of money out of it.

Look at how many more have hopped on the bandwagon. Look how many have said here today about how people come in in just a few weeks or months where they will start another paper. You don't do what you can. You have it in your hands, and this C.W.—the weekly association, if it's got any spunk at all, it's going to go to work and put a little teeth into itself, and it's going to do something for the members that are in it and for the mass media in the weekly field.

Here we had Clive Stengel at Millions Lake and three times he won the top notch prize of the Canadian Weekly Association for the best paper in British Columbia and what did he do? He had a salesman come in about four years ago. A salesman went around and bleated a good story to every business man in town and told them how he was losing out to Stengel who was paying him starvation wages. He goes out, he signs up all of Clive's customers and they just literally put Clive out.

Old Betty Milner came along and with \$4 million that he made out of the lumber business and he bought up a chain of newspapers. First he only had weekly newspapers in British Columbia. He bought the Prince Rupert paper, the Paris paper, the Prince George paper, Quesnel, Williams Lake papers and he bought Clive out. He was mighty glad to sell out because maybe the sheriff was right on his heels at the time; however, he sold out.

Well then, he went along and he hired another advertising manager. The other advertising man comes in by the name of Carl Silver. He had some friends in the east. He's a "Scandihoovian" or something or other. He had some money that he didn't have in his palm, but he started and he gets the same kind of a deal out of Clive, and he starts another paper. That's two papers within five years.

Well, I am happy to tell you this afternoon that Clive, by hook or crook—I don't know how he did it, but his paper is out, because we get our paper printed there from Lillooet and he's out there and Clive is back in the driver's seat after he's run two of them off and you can do anything, a weekly publisher with the heart of the people in his hand, and if he gives them a good paper and he's close



to them and he tells them something about what they do and what they want to do and what would be the thing for them to do and they don't maybe agree with him at the time, but they will establish him again and I am thankful now—Where was the C.W.A. when they were the lousiest of the two papers? Where are they? Shouldn't they be a guide line for the rest of the people across Canada?

They do that all along, and I think our association in British Columbia made both of those fellows members of the W.C.B.A. whatever B.C. weekly newspaper association of British Columbia. It's too long for me to say, but anyway, now there is the C.W. thing here tonight wants this overall picture of this thing that it's talking about. In God's name, give it to them. It's worth a try. Everything is worth trying, and if it doesn't work out, we all have the same sense after we have tried it as we had before and there is no earthly reason why we couldn't go to work and by trial and error iron out the bad parts and go along with the good parts, and that's the only way that you are going to do and that's what every 40-year era of publishing business in Britain and in Canada and in the United States has done every 40 years.

It would be enough. It wouldn't probably be exactly within the four decades, but it would be 40 years and so I couldn't come down here; so I said to Keith here I would not get the money out of it unless I got it and gave you the benefit of these few remarks. I am going to keep them to few too. It's awful hard for me to shut up when I've got so much to say and I've got a few little things here.

Now, I am not blaming you for this. There is no one in this room that you might say was here 40—outside of me, or maybe David Browe over here, that was here and going when the newspaper was started. We started the Weekly Newspaper Association, you must remember, to get a just due out of the agencies that we say that was building up so fast, and you think of all these agencies.

Jimmy Lovick sold his agency here about three years ago in British Columbia for one cool million dollars, and I remember when he was a copy boy with McKims, one of the first agencies to start up—well, the first agency to move out; so, you see how much money there has been in the advertising business; so you know very well that somebody had to print newspapers to carry that advertising that Lovick and McKim and all the rest of them had to have to pay the 25 per cent commis-

sion, and you must remember that the newspaper business has got to be more than a racket and more than delighted in hearing the jingling of the cash register than they are to jerk the tears out of the eyes of the people who want to see a fair and a square deal for somebody in a little dinky town or even in a place like Vancouver.

I want to refer back a minute to this Columbia because you people down here in Eastern Canada—you are in with us on all these fool things that we do out there even like building the Alaska Highway. You have got to keep it up. They built that Alaska Highway—the Americans built it but you people of Canada are paying your share to about 250 million a year to keep that Alaska Highway open so that the Americans will have a nice free and a saucy road to roll over from Kansas and Wyoming into Alaska, and it's the same with the Columbia Treaty.

You helped to pay for all this cost indirectly that we do in building dams than we do in serving all this; so, don't underestimate we people in British Columbia are the only ones that's going to be in perpetuity favouring to them. We might have to look after the flood control, but you are going to have to look after the cost if we can't do it because we are all partners in crime, my friends, and we can't single one out here and leave one in there and so if there ever was a time—there never was a time in my life, although I remember well when Crighton brought out his first weekly and thought it was going to raise hell and put a stamp on it—right there in the United States, in those central states, and you see he's gone now and I won't be here when probably there is a new deal coming in for you, but there has got to be a new deal, my friend, and my friend, you publishers here will wield that typewriter and you get out that editorial column and you write the stuff about them in the papers and try to hold them or try to sell them and try to get enough money to go on.

It can't be all money in newspapers. You must have some reward out of what the Lord God created you for. Your job is to help sustain your fellow man. For any publisher of either a weekly or daily that is a Godly mission, and when you begin to stop and realize what is within your hands, you will know—I hope you won't have to wait until after you are 82 like I am, to see it.

Of course, I have seen it quite a long time. When we came back and brought the little paper back after my son had sold it, George and I ten years ago—I told the Lord one-

time—I said, “I will never chisel another advert as long as I live”. I said, “If you’ve got something to sell and you want to sell it, bring it in” and you are not to coach here in the same way, will you; and you know in your own heart that there is an awful lot of our business of chiselling, just downright chiselling, and we don’t get enough for our papers. In the olden days, they got a good price for our papers. We should get a good price. I’m going to raise the price of my paper \$10 a year. Now, it’s worth \$10 a year or it’s worth nothing and it isn’t very big so they can’t even start crying about it and when I raise my next price, it’s going to be \$10 a year, and I am going to tell you now too before I close—I just must tell you this.

We have a UBC paper out there, and this UBC paper—I applied to the alma mater society or whatever it is—I never had much education myself, but you know who I mean—their boss, and I said that that paper should be suspended, and I finally wrote an editorial in my paper and sent it to all the professors and everybody, and I said, “Wouldn’t you tell those editors of your UBC that the people of Canada—maybe the kids pay the printing bill. I don’t know, but we stand behind them. It’s our paper. It’s our university. We have got to have faces red over it. I said, “Tell them that they got a navel. If they only just write above the navel instead of below the navel”, and this was my reason here—Cecil, he knows—and I said, “This stuff here is not good enough”, and they have a better education.

I might write something like that because I didn’t go to school. I’m a third greater and I aint got the grammar to do it right with, but they are all in the university. They don’t have to write like that. And so they called me an old bag, and we had a battle back and forth, in the *Vancouver Sun* and suddenly they challenged me to come down, and so I took me down there and of course they said, “Well, we can’t talk to you. You’re just against sex.” I said, “Who told you I was?” I said, “I am not against sex. It’s the nicest thing in the world”, I said, but I said, “If you start it too soon, you’ll wear it out too soon”.

Well, as a result, I didn’t get the paper suspended but I did get another UBC paper started at the UBC in British Columbia, and the other one’s gradually dying a slow death; so that there is nothing in the world, my friends, that you can’t get if you have a little patience and you got the right heart to do it with, and you publishers are never, never—now you have all made your money—

you don’t know what it is to—Does anybody in this room know what type lice is? I wonder if there is one single person in this room who knows what it is. Well, for the person who’s gone through the type lice era and gone through the starvation period and where you would pay your subscription one year with fried down sausage and make sure you pay it maybe with a ham or something like that, because we just couldn’t afford to be without that little dinky four pages of familiar news printed by hand and the type all set by hand, and I was so keen about that, so I learned about type lice. Do any of you here know what type lice is?

Well, in the old days, you know, the hand set type had—you bring in the sausage and put it down on the stool and eat so that you won’t leave without taking it home after a while, and so he would say, “Maggie, would you like to see some type lice?” I remember this is how he got me the first time; so he takes his stick, he sets out and he picks it all out like this, and before he started to start it, he took a drink of water, not a very big one; he slurp all over the type like this. I wasn’t paying attention about the drink you see, and so he gets it all on the stuff and then he says, “Well, it’s closed”, and he screams this little jigger up on the end and w-i-n-g, she goes up like this and I looked just like those turkey hens—turkey eggs, and I went away from him; so they always call that type lice, and that was how they indoctrinated everybody in the hand set type.

Of course, that’s all beyond us now. Here I have three linotypes and a little dinky office up there and a letter-press shop, and I won’t let them take away one because of the way that we are growing. I am sure that our confusion and the terrible state of our economy and our thinking today—I think this rebellion of half these youths—I think half this phobia of sex is due to the fact that that press, the daily press and the periodical and the press that counts, the weekly press, hasn’t taken a strong enough stand, and not so strong we must make comparisons. Hindsight, of course, is always better than foresight, but hindsight is just as necessary today for you to consider and for you to apply as it is for you to look for foresight, because there won’t be any foresight, there won’t be anything in front if we don’t know what happened in the past and be guided by the mistakes that we made and so I would tell you today to change your way of thinking towards your job and



appreciate it and know that you are one of God's gifted people. You are one of God's best supporters.

You have a good editorial page and you have got news columns and all these little troubles that you have talked about here today and that you can't print police court news and that somebody will shove you out like because you're not subscribing to all those little just jiggles in the form and another 40 years is coming and I hope that the CWNA will go to work and take the bit in its teeth and be a guideline to you.

I wish them every success. I worked with them in the beginning. I was one of the beginners of the BC Weekly Newspapers Association. I was always a joiner with anything until I found out that it didn't have anything to offer. I was so mad that I quit this Canadian and I went down to Banff and I told him whether Cecil was there or his brother, whatever his name is—Cecil is the other brother, and they were there and I went in and they were going on a long harangue about how they couldn't get any help in Banff, and this was about '56, and here they were all a big low cod feed, you know, and that night Harry was—I think in the morning Harry had loaded them up on moose milk before they went into the convention and then I think they went on after Banff or something and had a big smiley at night, and I came in the next day, and here they were hanging around and haranguing about help.

I said, "If you fellows would just forego one year of this convention and these doods and this extra liquor which you get willed in and go and build a little linotype hop where people could learn, boys and girls could learn, and learn it yourselves, and send your own sons and your neighbours' sons there and learn to run the linotype, but thank God the offset came along and now of course there's nothing to it. They do it all with mirrors and improvising; so it's a great pleasure to come and I hope I haven't bored you but I just felt like to let my \$350 out of it, come all the way from Vancouver. I had to get a little shot out of it in words here as well.

**The Chairman:** Thank you, and we only hope that you will never die, and we know you will never quit.

I would say to the Senators and the panelists, I guess, and everyone else, that I am going to adjourn. I would like to start

sharp at seven o'clock. Please be here on time again.

Thank you, ladies and gentlemen: the meeting is adjourned.

The Committee adjourned at 5.40 p.m.

The Committee resumed at 7.00 p.m.

**The Chairman:** This evening we will again turn our attention to the weekly press, and I am going to call on the panelists in the order in which they are listed. I will start first of all with Mr. McKenna and then on to the other members of the panel. I will tap gently with the gavel at eight minutes once, and at nine minutes, twice, and at ten minutes I am afraid we will have to cease and desist.

Mr. McKenna?

**Mr. J. L. McKenna, Publisher, Kings County Record, New Brunswick:** Mr. Chairman, Honourable Senators, ladies and gentlemen, first of all I want to point out that we have something in common. I noticed my name has been misspelled here and I also notice the name of our paper is misspelled so we are off to a good common start.

Revenue is what makes any business operation tick. Without it, business goes tock. Publishing a weekly newspaper is a business operation, and publishers are very much interested in revenue so they may continue publishing. Revenue comes from sale of advertising, in most instances from the sale of newspaper by subscription or by the single copy, and frequently through commercial printing in the plant; occasionally through a stationery retail outlet.

It has been suggested by some that publishers of weekly newspapers should be more concerned with service than with revenue. Money seems to be a nasty word these days.

Sufficient revenue makes it possible for a publisher to be independent in the handling of the news and advertising content. Without revenue to balance expenditures, and provide a profit of some kind, a publisher could become the victim of the whims of a major advertiser.

Your Committee has suggested certain points which might be discussed. I trust you have read the brief I submitted.

Following the guidelines set out, I shall attempt to provide answers.

**Question:** "What benefits can a weekly offer the local and national advertiser?"

No. 1 must be repeat projection—at no extra cost to the advertiser. The weekly



newspaper frequently remains in the house until the next issue arrives.

Thus any member of the household has a chance to read it; perhaps not at one sitting, but before the paper is used to wrap the garbage, light a fire, or for the multitude of benefits which a newspaper is used for which cannot be claimed by any other print media.

Do people pick up the weekly a second or third time? Many do. Spots on radio and television are separate investments by the advertiser.

**Question:** "Who benefits most from weekly advertising?"

I'm not Solomon, and I doubt if Solomon could answer that question. I feel this question should be something like—just plain who benefits?

The advertiser benefits. He generates volume, the base from which most business operations continue. He tells people what he has, in broad terms. He tells them prices.

The customer benefits. He doesn't have to go from store to store—in the case of retail advertising—to compare prices of at least some items. He saves shoe leather, or he saves wear and tear on his motor vehicle, and doesn't have to increase the rate of air pollution by driving to half a dozen stores.

**Question:** "Are national advertisers particularly reluctant to advertise in weeklies?"

I would say not. National advertisers rely to a great extent on the recommendations of their advertising agencies. It is my opinion that many persons in agencies today, responsible for buying space or time, have not the slightest conception of weekly newspapers. In fact, I would wager some do not read any weekly newspaper regularly.

This is the age of electronics. Many space buyers have entered the field during this age. Probably most read magazines, or metropolitan newspapers. How many read the smaller dailies? The weeklies?

Many years ago, agencies complained weeklies did not provide tear sheets, regular billing, gave poor imprint to national ads. This has been changed. Most publishers are aware good service to advertisers is a major factor in their operations.

Today the shoe is on the other foot. Some advertising agencies have come to expect miracles from publishers. For instance, this year I have had (a) a telegram on Wednesday night from an agency wanting a change of date for an ad so it would appear in that

Thursday's edition, and (b) the following week a revised insertion order, which arrived on Thursday morning, for insertion on that day. Our rate card definitely states Monday noon is closing time.

Postal pick-up times demand we complete some 3,000 copies of our paper, for delivery to the post office on Wednesday night. How can we make changes after these papers are printed?

**The Chairman:** Excuse me, Mr. McKenna. It has been suggested, Mr. McKenna, that if you sat down, our translators might be able to hear you a little better. Thank you. Please carry on.

**Mr. McKenna:** It is just a case of lack of knowledge of production methods of print media, whether they be weekly, daily or magazine.

**Question:** "What can be done to persuade more national advertisers to use weeklies?"

First of all, the weeklies need to put forward a strong sales effort. Secondly, agencies should conduct educational courses to assure their personnel are familiar with all types of media, including weekly newspapers. Only in this way can agencies offer full value to their clients.

While attending the annual meeting of the Audit Bureau of Circulations in 1968, I heard a large advertiser say the trend definitely is back to print media. I have heard this several times since, from other sources.

Various Weekly Newspaper Association are taking another look at sales organizations, either as national or regional operations. This is essential. We must act now, or be prepared to pick up only the crumbs.

**Question:** Explain the "Economic advantages of controlled as compared to paid circulation?"

Some 20 per cent of our newspaper's revenue comes from sales—by subscription of single copy. The balance is received from advertising. During 1968, national advertising amounted to about 5.6 per cent of our newspaper revenue; classified ads to about 12 per cent. We consider all advertising which does not come through an agency to be local. As a member of the Audit Bureau of Circulation I naturally believe ABC to be of value. ABC give us the privilege of buying copies of the audited statements of other ABC newspapers and this is a strong selling point when we can show advertisers and potential advertisers that we outsell, in Kings County, any other

newspaper. For instance, we sell in Kings County some 700 papers more than any daily printed in New Brunswick. Kings County includes Saint John suburban areas; and when it is considered our paper sells for 15 cents, and the dailies 10, we have a convincing argument to present. Some 35 per cent of our sales are by single copy.

I do not have much faith in sworn statements, nor do I believe advertisers and agencies have. It is because of this distrust of sworn figures that the Audit Bureau of Circulations was founded more than 50 years ago, to set up an organization involving advertisers, agencies and printed publications.

I am not familiar with controlled circulation and its operations. I realize that, particularly in metropolitan areas, some advertisers demand blanket coverage, which cannot be given through paid circulation alone. In our instance, we provide, through paid sales, almost blanket coverage of the Sussex area, and extensive coverage of surrounding areas. Were we to change to controlled circulation, we would increase deliveries only slightly, but would have to increase our advertising rates considerably to make up for loss of sales revenue, which certainly would not be taken up through increased advertising sales.

**Question:** "Is there a danger commercial printing may interfere with the quality of the newspaper?"

It is my opinion the reverse could be the case. The newspaper is able to install equipment, type faces and other necessities for dual use, while it might not be economically feasible to do so for one phase.

The average weekly newspaper today receives more revenue from the paper than from commercial printing. The newspaper business is operated by a professional newsman.

At the same time, most have some knowledge of commercial printing. They realize a good printing job acts as an ambassador for the client, just as smartly laid out ads work for the advertiser. Many plants cannot employ fulltime printing salesmen, so they depend on quality and service to keep customers coming back.

The cost of printing a weekly depends entirely upon equipment and staff.

**Question:** "Does this give us an advantage over other printing firms?"

I would say no. Perhaps rates of pay are somewhat lower than in the larger centres, but this is offset by the fact we must main-

tain our staff at a level to handle peak work periods, with more down time than large plants, where workers are available for the peaks only.

Our stationery shop is operated in another part of town, with its own staff. It provides a service not available previously in Sussex, and also handles subscriptions, ads, printing orders, payment of accounts, for our main office.

Earlier I said I would return to pressures from advertisers. We have encountered this, and we have had advertisers withdraw because of our policies. However, because we have been reasonably successful financially, we were able to survive until the time the customer discovered he was losing business by not advertising, and he came back.

But, should we be compelled to take in the government as equal partner, as recommended in the White Paper on Taxation, the economic stability of many weekly newspapers would be destroyed, and for financial reasons we might not be able to resist such pressures by advertisers.

Should this arise, it could wipe out the many contributions that I believe the weekly newspaper is making toward the building of a better Canada.

**The Chairman:** Thank you very much, Mr. McKenna. The next panelist is Mr. Douglas Bassett, vice-president and general manager, Inland Publishing Company Limited, Ontario. Mr. Bassett?

**Mr. Douglas G. Bassett, Vice-President and General Manager, Inland Publishing Company Limited, Mississauga, Ontario:** "Mr. Chairman"...

**Senator McElman:** Just for the matter of the record, Mr. McKenna, what does the word "advertiser" mean?

**The Chairman:** Where is that, Senator?

**Senator McElman:** On page 1 of Mr. McKenna's brief.

**Mr. McKenna:** This is one of the problems, Senator, which arises when I proof-read things myself. This is always a very bad thing to do.

**The Chairman:** Mr. Bassett?

**Mr. Bassett:** Mr. Chairman, ladies and gentlemen of the Committee, I am very pleased to have this opportunity to appear before you



to discuss the general problems of obtaining revenue for a suburban weekly newspaper.

All weekly newspapers, in our opinion, can increase their readership, circulation, and revenue by stressing complete local coverage; by leading public opinions and actively participating in community affairs; by exercising better business administration; by better co-operation between newspaper associations. We shall deal with each point in this brief.

First, I would like to inform this Committee that Inland Publishing Co. Limited owns the following newspapers: the *Ajax News Advertiser*, *Brampton/Bramalea Guardian*, *Burlington Post*, *Mississauga News*, *Newmarket Era*, *Oakville Beaver* and the *Stouffville Tribune*.

I might say that each publisher, and his staff of the aforementioned newspapers live in the community that their newspaper serves. The content of our newspapers is entirely local and deals with the problems and activities in their respective communities independent of each other.

It is our opinion that a suburban weekly newspaper should deal only with the news events of its community. This attracts the reader to sit down and read the weekly newspaper thoroughly and identify with the news content.

The high quantity of local and editorial content has enabled us to increase the advertising revenue and because of the personal identification between the reader and the suburban weekly, both national and local advertisers know that their ads are being seen and read.

The local editorial reporting of the weekly suburban newspaper should be, and in fact, in most cases is, complete, concise and unbiased.

A suburban area which does not have a local weekly newspaper has a distinct disadvantage not only to the people who live in the community, but also to those merchants who do not have a vehicle to advertise their products. It is almost impossible for them to advertise in the large urban dailies which partially infiltrate their market. The urban dailies do not deliver a concentrated circulation and their advertising rates are much too steep.

National advertisers are reluctant to advertise in weekly suburban newspapers. It is our opinion that there is a stigma in the eyes of advertising agency space buyers that the word "weekly" connotes the small time,

non-professional, family-operated business. This, of course, is not true.

It is our contention that many national advertisers would find it advantageous to concentrate on advertising with weekly suburban newspapers. We say this because it is a proven fact that there are proportionately more home owners in the suburbs than in the city. Manufacturers of products such as carpeting, paint and lumber, household appliances and gardening supplies are missing a sure market by not advertising in suburban weekly newspapers. Perhaps the advertising agencies of these kinds of manufacturers should take a closer look at this lucrative market to further benefit their clients.

In order to change this opinion of the weeklies, it would be necessary to have an advertising program under the auspices of the CWNA in periodicals designed for agencies and advertisers, as well as continuous contact between the papers and the advertising agencies. This is why Inland has a national advertising representative located in Toronto to sell on our behalf. In 1968, Inland carried 398,374 lines of national advertising, which was 2.6 per cent of the total lineage and in 1969 we carried 438,467 lines, which was 2.7 per cent of the total lineage compared to urban dailies that carry over 12 per cent of national advertising lineage compared with their total lineage.

One might expect to get support from the Canadian Weekly Newspapers Association and also, in our case, the Ontario Weekly Newspapers Association in selling national advertising. In our case, this is not so. In 1969 Inland received one 200-line ad for all our newspapers from CWNA and the OOWNA sold two ads for 151 lines for the *Newmarket Era* and seven ads for 1,346 lines for the *Stouffville Tribune*. These associations have not in any way helped our newspapers. There was no communication in 1969 between Inland and either association. We pay an annual membership fee to support these associations but they do nothing to help us secure advertising revenue. We feel that one of the main functions of these associations should be to help secure advertising lineage for weekly newspapers in Canada.

The weekly newspaper reports local news whether it be the death of the oldest resident in the town or the local midget hockey team winning a hockey game. Readers can believe in their weekly suburban newspapers more than the urban daily. That is why they fe



that this is their newspaper. Advertisers should be made aware of this.

There are both advantages and disadvantages of having paid circulation. With paid circulation, there is a net profit from the money paid by subscribers, but on the other hand in suburban areas it is easier to sell advertising with a larger controlled circulation. Our own experience is that, on a national level, ABC circulation is preferred, but on a local level, advertisers do not differentiate between ABC paid circulation and sworn statements. It would seem to us that the only advantages of ABC paid circulation are incoming revenue from the paid circulation and the greater advertising agency recognition, which does not guarantee any national advertising.

Suburban newspapers live or die by the acceptance of local advertisers and as a result, ABC figures cannot be used as a selling force.

In order to give a fair comparison to this Committee on the difficulties of obtaining revenue, and thus profit, it is necessary to give some background about our suburban weekly newspapers.

Before the newspapers were bought by Inland, the experience had been that the financial control was of a very low content and quality. This was due to the fact that, among other reasons, the newspapers could not afford to employ qualified accountants.

At the acquisition of our papers, we found that the staffs were doing all things in all jobs—bookkeepers were overworked—the papers were experiencing high bad debt write offs—and they were unable to prepare budgets and also unable to enjoy budgetary control.

Inland Publishing Co. Limited is now able to provide our newspaper publishers with complete financial information.

Inland Publishing and the publishers stress the importance of the following financial data—average line rate in the paper, advertising content, and the actual expense of operating the paper compared to the budget.

In previous years, the greater proportion of weekly newspaper owners were primarily printers instead of newspapermen. Any newspaper revenue was used to supplement job printing revenue. As a result, the paper was secondary; the quality and reproduction were poor.

Today, the situation is reversed. Many week-  
es are going out of the job printing busi-

ness, such as our *Newmarket Era* and *Ajax News Advertiser*.

In our opinion, weekly newspapers cannot compete with job printing firms. Newspaper publishers must, and should concentrate on putting before their readers, the best product possible. We feel this is a specialized job. They have a responsibility to do this, and this can be achieved by devoting all their efforts to the newspaper.

**The Chairman:** Thank you very much, Mr. Bassett.

The third panelist this evening is Mr. Clifford Hacker, who is President of Western Regional Newspapers Limited. Mr. Hacker.

**Mr. Clifford Hacker, President, Western Regional Newspapers Limited:** Thank you very much, Mr. Chairman.

Western Regional Newspapers Ltd., is a group of 23 individual, non-metropolitan community newspapers in British Columbia. The chief purpose of this group is to promote the sale of national and other types of advertising for our member papers.

I suggest that right here it should be established that the term "community newspaper" is more descriptive of the type of newspaper being discussed. Whether such a newspaper is printed once, twice, three times or daily each week is beside the point—few advertisers (except some retail ones) run more than once weekly anyway. I propose to answer the questions and topics raised in your outline. *Question:* "What benefit can a weekly newspaper offer the local and national advertiser?"

It can offer these advertisers the only effective print coverage of the market the newspaper serves. Other print media mainly metropolitan dailies) often claim to cover our markets, but they do not provide the same local news and local editorial leadership in discussing local problems of our communities and they do not provide a satisfactory advertising medium. I base that statement on the fact that large food and other retail chain stores who have retail outlets in our towns find it necessary to run exactly the same advertisements and in some zones the same prices in our member papers that they run in Pacific Press.

One of our Vancouver Island members points out that he has five dailies coming into his community, but that his circulation is considerably in excess of the total of these combined and to quote the publisher, "This suggests to me that we survive because we are needed."

We must be offering them benefits because in one single issue last December another of our member papers ran a total of 473 column inches of national advertising, 261 column inches of classified and 2,947 column inches of retail display. That same issue contained 28 local news pictures and 1,959 local names in its news columns. This newspaper is not the largest one in our group.

The community newspaper can also offer a closer link between the national advertiser and the local dealer who sells his product.

A progressive community newspaper can help a local advertiser to "invest" his advertising dollars rather than "spend" them. This, of course, works for the benefit of both the local merchant and the newspaper because when this service is provided for all local merchants it certainly helps to further the development of the town as a retail trading centre.

*Question:* "Who benefits most from weekly newspaper advertising?"

I would suggest the local advertiser is the principal beneficiary because it is the only economically feasible media available to him. Because rates are generally related to circulation, his alternative would be to buy space in a media which covers an area much larger than his market area.

In other words he would have to pay for circulation which would be of little or no value to him.

There have been cases in B.C. where local merchants have purchased and taken over the operation of the local paper when it was faltering financially because they felt a local advertising medium was essential to their own business welfare. There have also been cases where local merchants have given financial backing to start a second local paper when they felt the existing one was not doing a good job in the community.

Everyone benefits! Both the advertiser and the buying public benefit as does the newspaper publisher and his staff.

I would say that somewhere between 40 cents and 50 cents of every community newspaper's revenue dollar goes into the newspaper's staff payroll. This money remains in the community and to a large extent finds its way back to the local retailer.

*Question:* "Are national advertisers particularly reluctant to advertise in weekly newspapers?"

I don't think they are reluctant, but they sometimes are not aware of the benefits awaiting them. It is a fact also that advertising in weekly newspapers is costly on a cost-per-thousand copies basis...but the returns can well warrant the cost. Agencies also, sometimes overlook the value of weeklies and community markets, but this is a matter of us selling them and their clients. We, in Western Regional Newspapers, feel we have been fairly successful in doing so, but there is still much to be done.

*Question:* "What can be done to persuade them to use this medium?"

Do a good selling job of the product we have to sell. Provide them with accurate statistical information to prove our point. Let us take liquor sales as an example.

From figures compiled from the British Columbia Liquor Control Board's 48th Annual Report covering the period April 1, 1968, to March 31, 1969—

This report shows us that their sales in Western Regional Newspapers markets represented 22.7 per cent of all liquor sales in British Columbia. This fact gives our sales representative a pretty strong selling point to take to potential liquor advertisers in an effort to get at least an equivalent percentage of their advertising dollar!

Those who advertise products and services nationally, and their agencies, sometimes forget that the WRN market population alone—let alone that of other non-metro newspapers—is a large market, and a fast-growing one. One method of "persuading" them to use our medium is to suggest they take a hard look at their regional sales figures—not just those of the metropolitan markets.

In British Columbia, due to the decentralization of industry, population growth and thus purchasing power is increasing at about the same rate per body in non-metropolitan regions as it is in metropolitan areas. The trading area population of 23 WRN newspapers totals 534,298—over a half-million—our combined circulations are just a few short of 101,000. We continually submit these, and other pertinent facts to national advertiser and their agencies.

*Question:* "Explain the economic disadvantages and/or advantages of controlled circulation over paid circulation."

What do you mean by controlled circulation? We recognize two kinds of circulation—paid and free.



Insofar as national advertising is concerned paid circulation has, and should have, the advantage. It provides the national advertiser and his agency with a base upon which to evaluate the newspaper and its degree of service to its community market. This is very important.

**Question:** "From your own experience in trying to sell advertising, which is preferable—sworn statements or ABC circulation data?"

ABC is preferable, again as regards national advertising, for the reasons given previously, to provide advertisers and their agencies with audited circulation figures. But there are some markets, where the newspaper is the only medium in town—where markets are more or less "captive"—where distance or isolation makes ABC auditing difficult or too costly.

In these markets, sworn statements should be considered acceptable. Difficulties arise mostly where a bona fide newspaper has spent considerable time, effort and money in establishing itself as a true newspaper—building up paid circulation and providing good editorial service to the community and effective advertising to retail and national advertisers—then, in to town comes a promoter who starts up an "Advertiser"—a free-distribution paper (or one which purports to be paid, but doesn't provide authentic circulation records.) He cuts advertising rates, offers editorial "puffs" in return for advertising, provides little other news material and generally tries to skim the advertising cream off the market.

**The Chairman:** I am sorry; I am going to have to skim the cream of your market, Mr. Hacker. I am afraid that is all the time we have.

**Mr. Hacker:** Fine.

**The Chairman:** I am sorry, sir. The final panelist on this panel is monsieur Roger Delorme, *L'Observateur*, a bilingual paper in Laval, Quebec. Monsieur Delorme...

**Monsieur Roger Delorme, *L'Observateur*:** Mr. Chairman, Honourable Senators, ladies and gentlemen. Of course, Quebec has to be different. I will try, within this very short period of time, to make sense of whatever I have here. I will do it in French.

[Translation]

**Mr. Roger Delorme, Publisher of *L'Observateur*, Laval, P.Q.:** Let us begin by saying that one of the characteristics of a weekly is to be a general information paper. On a reduced scale and adapted to the needs of its readers, it offers an entire array of information, excepting, perhaps, important national and international news. However, from the point of view of advertising, a great distinction must be made between regional weeklies and local weeklies, i.e. between newspapers which are published in or close to large population centres, and those which are published in small rural centres. The source and volume of advertising varies considerably in each case. We may even go so far as to say on the subject, that according to advertising agencies, large population centres do not yield a sufficient return on the advertising dollar, which would explain the volume of national advertising in these weeklies. It would, therefore, seem logical to conclude that the further removed a weekly is from population centres served by dailies, the more profitable it is in the eyes of the advertising agencies. Having made this observation. I would add that weeklies, for all intents and purposes, live on local advertising, since they are generally much more accessible to enterprises in the area, and thus their markets are selective, and the cost per agate line, considering the volume of circulation, remains less than that of the larger media.

One must admit that the weekly newspaper lives in tune with its surroundings and is therefore able to perceive changes much better than others. When the regional economy experiences a slump, the weekly suffers too. By virtue of this, it is extremely vulnerable to market fluctuations, credit restrictions, seasonal changes, and the climate. When business takes a turn for the worse, as is the case at present, the weekly is the first to feel the effects. Advertising is, by tradition, always the first to be affected by budgetary cut-backs, and you may rest assured that under current economic conditions, most of the Quebec weeklies are presently fighting for their very existence. One has only to speak with a few of the bank managers who do business with the weeklies to confirm this.

The deficiency to be made up, along with the exorbitant rise in postal rates, have dealt many of us a mortal blow, and yet, despite this economic unrest, a large number of new weekly publications make their fleeting appearance on the market every year. In spite



of their good intentions, the majority of these new arrivals do not last more than an instant. But, during that brief instant, they manage to split the market further—a market which is scarcely big enough to support the already well-established newspapers. I hardly need add that most of these publishing firms are formed without sufficient funds and with experience which only the would-be possessor could consider as valid.

Now, let us go on to the positive aspects of the weekly newspaper world. By its very nature, the weekly is always close to its community; it encircles it so to speak. It is the weekly that really covers municipal council meetings, serves as the watchdog of the school board, associates with the business men of the community, and devotes pages to community projects and club, recreational and sports activities. In point of fact, the weekly is the best reflection of community life. In it, the reader sees himself as he lives, works and plays. Generally, since it is not a very big publication, the weekly offers the advertiser a considerable advantage, in that his advertisement is not lost in a sea of advertisements which seem more or less all the same. Thus, for introducing new products and putting them on the market, the weekly would appear to be the ideal advertising medium, being the best means available for research and opinions.

This is why we find it difficult to understand the failure on the part of the big agencies to recognize this potential when it comes to introducing a new product and testing it out. Instead, they seem to be totally ignoring the weekly. Moreover, some consumer products are tailored for the weekly, such as mechanical saws and fertilizer which are sold retail. For these and for many other products, the small town and suburban weeklies would be far more profitable. The manufacturer who invests large sums of money in the big dailies will sell about as many power saws in Toronto or Montreal as fertilizer will make grass grow on pavement.

On the same subject, the suburban weeklies will bring a better return on a whole series of products. Now, it would appear that the advertising agencies consider the cost of advertising in the weeklies too high. This attitude is neither reasonable nor justified. The reasoning is too narrow as the advertising dollar return is not a function of circulation alone, but also the degree of penetration of the paper, on which the decision to accept the product depends.

It seems to us that both the media directors and their customers are poorly informed as to the influence which the weeklies exercise within their respective communities. And as for their degree of penetration, we may say without the slightest reservation, that the weekly lives longer in the home. On this subject I would refer you to the survey conducted last year by the biggest French-language daily in America, "*La Presse*". Among its findings, a weekly in the outskirts of Montreal was achieving 85 per cent readership in comparison with *La Presse*'s own 50 per cent for the same area. The weekly is generally read more thoroughly by the family members, precisely because it ties in so closely with their daily lives. Events which seem harmless thousands of miles away, by contrast assume a great importance to those who are living them. Thus, it is in this manner, I maintain, that the weekly, by its nature, possesses a deeply human identity. It is so involved in the community that it cannot remain anonymous.

All the same, we understand the problems which the analysis and selection of weeklies present to advertising agencies. The weeklies don't have research teams; they are not in a position to compile statistics on their respective markets. In short, they find it difficult to sell advertising space because their services cost so much. The only positive aspects on which the agencies may base their decision, are the circulation figures. These are generally held suspect if given under oath, and acceptable if received from a reputable organization.

While on this subject, allow me to point out what it costs a weekly to belong to the various associations like the ABC. We believe that membership in the "French-language Weeklies Association" or "the Canadian Weeklies Association" is really a sign of quality. Both of these associations have strict entrance requirements and the annual contributions are based partly on a fixed sum, partly on the volume of circulation. In our opinion, it would be to the advantage of advertising agencies to obtain from them all the information they need on the weeklies which belong to these associations.

To turn to another subject—since the change in postal rates and the modification of the Act, the Post Office Department has checked our volume, our circulation and you have to prove, using actual receipts, that 50 per cent of your circulation is paid. And yet, this guarantee is a small price indeed, compared with what you pay to ABC.

A last remark before closing: there is another problem causing enormous difficulties for weeklies and that problem is monopolies, cartels. The question of an information monopoly has been discussed today, but at the same time, when a client makes a bid, the owner of a weekly newspaper offers to sell 15 weeklies in a region with a preferential advertising rate, you come up with ridiculously low rates which cannot possibly be met. Well, that's the law of free competition. But I think this is a serious problem which will shortly force a large number of well composed, serious weeklies—which are far from being mere circulars and which fulfill a need within their sphere of influence—out of business, simply because they do not have the means to compete with these big publications, with the equipment to produce a page of advertising, and produce it simultaneously for 15 papers.

On this note, I will close. Thank you, Mr. Chairman.

[English]

**The Chairman:** Thank you very much, Mr. Delorme. I would like very much to thank the panelists. It is now 8:05 and it is my intention to start the panel on disbursements at eight-thirty. This means we now have 25 minutes to discuss this question of revenue.

Are there people who wish to go to the microphones and discuss these problems?

If there are not, of course, we will proceed right on to the next panel.

**Senator McElman:** Mr. Bassett, in the last paragraph of his brief, says:

"In our opinion, weekly newspapers cannot compete with job printing firms. Newspaper publishers must, and should concentrate on putting before their readers, the best product possible."

Does this mean they should get out of the job printing business?

**Mr. Bassett:** In our opinion, yes, going from my own personal experience, Senator, in the newspapers that we have—the newspapers that we have that are in the job printing business. There is only one now that does job printing, and it is in Stouffville. The people who work at this newspaper are concerned to try to make a profit in the job printing as well as to put out a product—a newspaper each week. I think that their first responsibility is to the readers and to the citizens of the community in putting out the best newspaper and they should devote all their talents to putting out that newspaper.

**Senator McElman:** You believe that they are incompatible?

**Mr. Bassett:** Well, not incompatible but basically today—as I said earlier, in the first paragraph of the last page—in previous years weekly newspaper owners were primarily printers as compared to newspapermen. Today, it is reversed. We have heard today people asking for students from journalism schools to come and attend their meetings, trying to get them into the newspaper business. They are not interested in selling job printing; they are interested in putting out a newspaper.

This is what we feel in our company is the primary interest.

**Senator McElman:** Do you feel that this view would be more applicable to an urban or suburban situation than to a rural or smalltown situation?

**Mr. Bassett:** I suppose so, because our newspapers are suburban newspapers. The market is a lot larger than in a rural area. I suppose in a rural area there wouldn't be any job printing companies except the local weekly newspaper. That would be the only one and so there is no point in closing down your job printing shop and making somebody go from St. Stevens to Fredericton to get their job printing done.

**Senator McElman:** Thank you.

**The Chairman:** Mr. Bassett, in view of the paragraph which is a rather severe indictment of the advertising sales abilities of the Canadian Weekly Newspapers Association, why does Inland continue to belong to the CWNA?

**Mr. Bassett:** Because the publishers of these newspapers want to belong to it.

**The Chairman:** Why?

**Mr. Bassett:** I have two of them here—you can ask them.

**The Chairman:** Why?

**Mr. Bassett:** Well, I have Mr. Nolan and Mr. Haskell sitting there.

**The Chairman:** Well, rather than putting that to them now perhaps Mr. Nolan and Mr. Haskell could get to the microphones and answer that question because I think we would be interested.



**Mr. Bassett:** I know a lot of urban daily newspapers who are members of Canadian Press. They don't use it; they don't use their wire services really because they have their own correspondents around the world—the *Toronto Star* is one and the *Toronto Telegram* is another and the *Globe and Mail*. They pay their fees to support the organization. By supporting the organization they are supporting also the smaller weekly newspapers that really need the CWNA.

**The Chairman:** Well, I would suggest that the analogy isn't valid. I think that the *Toronto Telegram* for example gets far greater service out of the Canadian Press than Inland does out of the CWNA?

**Mr. Bassett:** They are both negligible.

**Mr. C. S. Q. Hoodspith:** Mr. C. S. Q. Hoodspith, West Vancouver, British Columbia, *The Lions Gate Times*.

You have heard me several times today but bear with me for two points please. I mentioned very briefly the last time I addressed you on the question of department advertising from the Federal Government. I felt that there was an element of discrimination being shown.

First of all, we are fed in great quantities on all types of forms, free literature, free information and fillers and all that type of thing from the departments of the Federal Government. When the time comes for advertising we find that sometimes we do get the advertising but the daily newspapers always do. When we do get a similar ad on the same subject, the advertising is just about half of what the daily newspapers receive. There may be arguments for this, I just don't know, but nevertheless the departments feel that our papers are sufficiently important to receive a steady stream of publicity. There is all kinds of material that comes in and I could name them forever if I had to.

**The Chairman:** Do you use it?

**Mr. Hoodspith:** No.

**The Chairman:** None of it?

**Mr. Hoodspith:** No.

**The Chairman:** Do you receive any kind of this material from private industry?

**Mr. Hoodspith:** Yes.

**The Chairman:** Do you use it?

**Mr. Hoodspith:** No.

**The Chairman:** Do you get it from the British Columbia Government?

**Mr. Hoodspith:** ... but we do get advertising from private industry.

**The Chairman:** Do you receive it from the British Columbia Government?

**Mr. Hoodspith:** Yes.

**The Chairman:** Do you use it?

**Mr. Hoodspith:** If it is pertinent to our own area. I should have predicated my remarks by saying that if there is anything of local interest we would use it, yes. We receive everything—we get the whole ball of wax. Since I have a rural paper and a suburban paper I get everything right from "How to plough fields" to "Building high rise apartments."

That is one point—the second one is the reference to Doug Bassett's comment about ABC. I want to underline his statement; I am one hundred percent behind him. If ABC were strong and meant as much as it says with advertising agencies I think this would do a lot to discourage throw-aways. If you went to an advertising agency, any established advertising agency across Canada, and said that you were going to put a full coverage newspaper regardless of page advertising or not they will say "What is the circulation?" You tell them "We will buy some space in it." They are not asking you whether it is ABC or not.

Now, if we are supposed to go ABC or retain this standard we have it thrown right back in our faces with no recognition at all. I think there has to be some real soul searching with regard to the value of ABC. That is my statement, Mr. Chairman.

**The Chairman:** Mr. McKenna would like to comment on that.

**Mr. McKenna:** In that respect, Mr. Chairman, I would point out, as I pointed out in my reports to the CWNA that one of the weaknesses of the weekly newspapers is that they don't go to ABC meetings. Now, you have a chance to meet advertisers and advertising agency personnel there, but how many meetings have you attended?

**Mr. Hoodspith:** My dear sir—I pay them a set fee a year but that doesn't mean I have to go down to their meetings to find out what they do in Chicago. I have a representative from Canada who is supposed to represent me. If I can't expect an elected body of the



Audit Bureau of Circulations to look after my welfare in the agency field, then I might as well not belong to it because that is what I want them to do and that is why I am paying them fees. I don't have to go down there and ask them what they are doing, watch them, because they are supposed to have intelligent people looking after the place.

**Mr. McKenna:** I am very pleased to have you call me intelligent, because I am the representative.

On the other hand, when you have a half a dozen weekly newspaper people in the last case we had three Canadian weekly newspaper people at the ABC annual meeting in New York—one was our president, Mr. Gerry Craven, one was myself and one from Quebec—and you have several hundred agency people there, and you have several hundred advertisers there, how in the blazes, no matter how intelligent and how energetic your representative may be, how is he going to be able to talk to all these people?

**Mr. Hoodspith:** Mr. McKenna, all I am trying to tell you—

**Mr. McKenna:** If you get 30 or 40 people here talking, then you are going to reach a lot more people.

**Mr. Hoodspith:** You have missed the point. ABC is supposed to be recognized and one doesn't have to go down there and tell them that we are ABC—the agency should know this. They are standing by ABC, and the principles of ABC, why don't they stick with it instead of giving advertising to throw-aways and dodges and that sort of thing. This is the point. I don't have to go down there and reach to them because we are paying them to do the preaching. They preached to me, that is why I joined them.

**Mr. McKenna:** Why don't you come down here and help us do the preaching. You are a very good preacher.

**Mr. Hoodspith:** Thank you very much, Mr. Chairman.

**Mr. Roy Farran, Publisher, North Hill News, Calgary, Alberta:** Mr. Chairman, I stood up because Mr. Bassett was getting pretty close to my former business and I thought I must disagree with one of the things he said, although I agree with most of what he said.

I also agree with Mr. Delorme's view about agencies. I should probably begin with those

areas of agreement because I understand my friend Scotty Lovick had some pretty harsh things to say about weeklies the other day and so I think I probably should crack back.

The standard of Canadian advertising agencies is very low, lower than it was in the United States before suburban weeklies, in such places as The San Fernando Valley, began to wake them up by selling manufacturers and companies direct. This is really what should be done here.

**The Chairman:** Excuse me for interrupting you but you say that the standards of the Canadian advertising industry is pretty low. Do you mean when it comes—

**Mr. Farran:** When it comes to giving real service for the dollar to their clients.

**The Chairman:** You are not referring specifically to the problems of weeklies—you are speaking much broader?

**Mr. Farran:** Yes, I am speaking much broader.

**The Chairman:** Fine, I just wanted to be clear on that.

**Mr. Farran:** Their attitude to weeklies, of course, is one which particularly aroused me because I am in the weekly field. Their percentage of commission, for instance, from weeklies is the same as it is from dailies, but placing ads in weeklies takes a little bit more work on the part of the agencies—a little more billing, a little more servicing. The agencies prefer such things as those very doubtful stop-holes on radio ratings because they are simple. The whole value of a radio station may depend on the return of 50 postcards out of 300 from a city of a half a million people, but they prefer that because it is easy.

They prefer the certainty of the daily circulation despite the inevitable reader loss. They never tell their clients about the reader loss because the daily is so thick. Some people you know only read the front page and the comics. Only 19 per cent of the readers read the editorial page, for instance.

**The Chairman:** What survey is that?

**Mr. Farran:** That was the University of Washington.

**The Chairman:** When was that done do you know?

**Mr. Farran:** Approximately 1960.

**The Chairman:** We would be interested in that survey if you could send us a copy of it?

**Mr. Farran:** I will see if I can dig one up.

They have a form of intellectual snobbery towards weeklies because they don't read the trivia themselves and they believe they are more sophisticated than people who come from a Prairie Gopher town for instance. They don't understand pre-prints and inserts in Canada. I don't believe the weekly publishers themselves do. They just don't realize what sort of a market they are missing, especially since the rates for direct mail have gone so high. A lot of them don't understand that they could be using their weeklies legally as a carrier for direct mail.

Now, I don't believe that PR releases really demonstrate much value by Canadian agencies to their clients; it really demonstrates a syphoning off of advertising money. It does not represent a real sort of advertising purpose, a real benefit to the client, because this gentlemen is correct, most of it does go into the trashcan.

**The Chairman:** Don't you think they know that? Why do you think they do it?

**Mr. Farran:** Because they bill the client. It is a sort of con job. They bill the client and the client honestly believes that this is performing a service; that he is getting free plugs in newspapers from coast to coast and, of course, he isn't.

**The Chairman:** Do you think most advertising agencies con their clients?

**Mr. Farran:** A lot of them do.

**The Chairman:** Most of them?

**Mr. Farran:** Most of them—all of them in this PR field.

**The Chairman:** I might say for those who are interested—I think it is probably not until after Easter—but we have the Institute of Canadian Advertising coming before us and we will have the transcript of your remarks and we will ask them to comment.

**Mr. Farran:** Well, as I understand, Mr. Shoults made some remarks about weeklies, so it is quid pro quo.

**The Chairman:** I didn't see that.

**Mr. Farran:** Here is where I disagree with Mr. Bassett and the gentleman from Vancouver.

**The Chairman:** Well, are you leaving the agencies now?

**Mr. Farran:** Yes.

**The Chairman:** May I just ask you one question before you do?

**Mr. Farran:** Yes.

**The Chairman:** I should make clear, Mr. Farran, that I have no brief for the agencies myself but, on the other hand, I wonder if you aren't being just a little bit unfair, exaggerating to make a point. Surely some of the problems that you fellows have in selling national advertising are your own fault?

**Mr. Farran:** I don't have any problems. I have to tell you that I am at the end of a record year since I have been in business, that it is an even better year than 1967-68. was a good year but '69 to '70 has been a tremendous year. I don't suffer from a lack of national advertising.

**The Chairman:** I was going to ask you, what ratio would be national, Mr. Farran?

**Mr. Farran:** Our ratio would be roughly the same as Mr. Bassett's, around three to four percent.

**The Chairman:** That is national?

**Mr. Farran:** National.

**The Chairman:** Well, you could hardly call that a flood of national advertising?

**Mr. Farran:** No, but obviously, since we are making a very good profit on our overall business, it is coming from somewhere else.

**The Chairman:** Well, of course, it is coming from somewhere else. I am not quarrelling with your success at all. The industry as such, as we have heard from representations put before us, is well known for having trouble attracting national advertising. You would agree with that?

**Mr. Farran:** Yes, but they are not really suffering. I have access to the books of a paper I used to own with a circulation of about 2,000 which is now owned by my brother. It is a very small one-man operation and he does extremely well for the investment in that business.

I believe that most of these weekly publishers do much better than you give the impression they do.



**The Chairman:** Well, I don't want to chew the point to death but if I could just follow this up. Mr. Bassett told us in his presentation that in 1969 he received one 200-line ad throughout all of his newspapers from the CWNA.

**Mr. Farran:** Well, yes, he received Tex-made Sheets, which has been a tradition in the CWNA for us to receive every January.

**The Chairman:** Well, perhaps I am becoming repetitive but I think some of these problems in terms of national advertising is with the weeklies.

**Mr. Farran:** Yes, it is. The great classic example in the success of the weeklies is in the San Fernando Valley outside of Los Angeles. One of them grew so big that it knocked out two established dailies and now has a third, one of the biggest in the world in trouble. It has expanded to the point where it also needs a three-ton truck to take out one carrier boy's route because it has gotten so fat and thick. It is really sort of a man-bites-log story. However, now I will come to the area where I don't agree with Mr. Bassett.

You see, you set up your machinery for a suburban paper for one issue a week, or perhaps two days a week so you have over invested in machinery for your requirement. Obviously good business is to try to fill up to capacity that machinery for the rest of the days of the week. Nearly all of our weeklies are published on the same day or maybe a variation of a couple of days, especially in areas where there is a late night shopping pattern, or two pay days a month, one at the middle of the month and the other at the end of the month. You have to fill up, use your machinery for the rest of the week, and as far as I am concerned, a buck is a buck and I see nothing wrong with that.

I don't despise direct mail or flyers or codes or throw-aways, because they are also entitled to the freedom of the press. Let the people judge which is the best medium for carrying the advertising.

If a good weekly is stacked up against a flyer, nine times out of ten, if the weekly is good, it will win. The flyer is less attractive to the reader. However, if the flyer is better printed, more acceptable and more attractive to the reader than a weekly newspaper, then let the flyer win, because the flyer deserves to win. I say a buck is a buck.

**The Chairman:** Would you like to comment on that, Mr. Bassett?

**Mr. Bassett:** Well, all I was saying was that you are putting out a weekly newspaper once a week and you want to stay in job printing, but therefore you are devoting four-fifths of your work week to job printing, not to the newspaper in the community which it serves. It would seem to me, from what you have said, that your newspaper is fairly prosperous so you must be doing a fairly good job. But in some cases it could happen that your staff and the publishers are concentrating more on other aspects than the newspaper, and it is our opinion that our publisher should concentrate on getting business and putting out a very, very good newspaper.

**Mr. Farran:** Well, it is a point of view, but I believe that a weekly should be produced in one shift. I employ 52 people that one shift just doesn't justify, so I need to fill it in for the rest of the week with something else, which is also making money.

**Mr. Bassett:** Well, we are pretty lucky because we have one central printing plant.

**The Chairman:** Excuse me, gentlemen, I believe Mr. McKenna wanted to make a point.

**Mr. McKenna:** There is one remark that I would like to make and this is on the question of the remark about 200 lines of advertising from the Canadian Weekly Newspapers Association.

I would like to point out that the Canadian Weekly Newspaper Association has no direct sales force and any publisher who expects to get direct national advertising from the Canadian Weekly Newspaper Association just hasn't read what CWNA is supposed to do.

**Mr. Bassett:** Well, in the brief I say that we feel one of the main functions of the Association should be to help secure national advertising.

**The Chairman:** May I then put this question to you, Mr. McKenna.

The broadcasters have a radio sales bureau; there is a television sales bureau; the CDNPA very actively solicits business; and there is the Magazine Advertising Bureau. Is there no central organization seeking national advertising on behalf of the weeklies?

**Mr. McKenna:** There is no national advertising group as far as weeklies are concerned. I think if you will look at my brief that you will find I have mentioned that the regional



groups are becoming interested in advertising nationally, or from a regional level. However, there is no national advertising sales group in the CWNA.

**Mr. Bassett:** Mr. Chairman, the best way to secure national advertising is to go out and sell it for yourself. I might say that we have just landed a 17,000 line contract with Volkswagen Canada last week by going out and selling it ourselves. Nobody can tell your story better than you, yourself, so this is what I mean when I say that you have to go out and sell it yourself.

**The Chairman:** Well, surely an organization which is a group and has six or eight papers has an advantage over an individual paper, even more so when that group is near Metropolitan Toronto. As you know, you can get in the car and go down and call on that group of people. It is not possible for an independent weekly in rural Manitoba to do this. How do they sell national advertising?

**Mr. Bassett:** Through the CWNA.

**The Chairman:** Well, Mr. McKenna said they don't.

**Mr. Bassett:** Well, they should.

**The Chairman:** Well, we will hear these two people at the microphone and then we will turn to the next panel and we will have a discussion following it.

**Mr. Lindley Calnan:** *The Picton Gazette:* Senator Davey, Honourable Senators and Friends.

We publish semi-weekly in other words twice a week. The press run is 5,800 and the ABC position is approximately 5600 indicating 200 giveaways or something like that.

On a recent visit to Toronto I called on an advertising man and asked him about the virtues of ABC. His answer was: we do not like to buy unless we have an ABC verified situation. I told him that unfortunately the weekly press from my statistics and figures was getting a very small proportion of the advertising dollar and he said "Well, on the other hand, why don't you come in and see me twice a year—what effort are you putting into selling national advertising?" That is just one angle.

We are talking about revenues—all right. At the *Picton Gazette* we have subscription revenue, we have advertising revenue and we have commercial printing revenue. I think it is very difficult in a weekly newspaper, or

semi-weekly newspaper not to have a commercial printing establishment along with the newspaper operation.

Approximately—I wish I had this in percentage form but I do have it very nearly in a percentage form—our revenue derives from 15 per cent in subscriptions, 50 per cent in advertising and 25 per cent in commercial printing. Well, that is not right—it doesn't come out evenly. However, we will carry on with it anyway and say 15, 50 and 25 per cent. I haven't worked out the percentages.

We come to the point, what is happening with income. Well, this last year the Honourable Eric Kierans in his postal budget made it necessary for us to consider regarding our 5600 ABC position and to announce to our public, who receive *the Gazette*, that we would have to put up the subscription price from five to seven dollars a year. In the United States from seven to nine dollars a year.

What happened? Well, we lost a few subscribers, possibly about 240 or thereabouts and we already have a few of them back and we expect the rest to come back. It is necessary to make a profit in an operation as far as we are concerned. I have spoken about subscriptions already and said that last year the subscription price went from five to seven. I remember when it was one dollar a year.

As far as local advertising is concerned we have seen the price of local advertising go from five cents an inch in my lifetime to a dollar and a half an inch.

In my experience, we have had to put up our advertising rates every year or two in recent times on account of the inflationary trend. That is my contribution, sir.

**The Chairman:** Thank you very much. There is one other speaker waiting, I think.

**Mr. Donald C. Somerville, Publisher, 'Olive Chronicle', Oliver, British Columbia:** My name is Somerville. I am publisher of the *Olive Chronicle* in British Columbia. I am also a National Director, of CWNA. My paper is a rather small paper, but as a Director of CWNA, I feel compelled to express an opinion here to dispel some of the criticism that has been expressed against CWNA with respect to its activities in efforts to sell national advertising. I want to point out that CWNA primarily is a fraternal organization. It was always intended to be, as far as I know. It has tried over the years on a number of occasions

to develop policies and activities which would further selling national advertising for its members. So far, these policies and activities have not been successful, but it has not been because of lack of effort.

I wish to point out that our Association has between four and five hundred members whose total circulation may vary anywhere between five hundred and twenty thousand or twenty-five thousand. They are scattered from the Maritime Provinces to British Columbia. They represent a wide divergence of rural and urban markets. They represent a great divergence in size and the nature of their readers and the nature of their publications.

I suggest to you that the selling of national advertising as a package for all of these members is a practically insurmountable task for an Association of our nature. I might also point out that the annual dues or membership fee, while they vary, are rather small. I have forgotten the figures, but as far as I know, no paper pays more than about two hundred dollars and most of them somewhere in the area of about a hundred dollars per year. This type of money in no way should be expected to provide a major sales effort for all the weekly newspapers throughout Canada.

Now, I don't want to suggest that our Association should have no part in approaching national advertisers. I think that we have a place in selling our national advertisers on the principle of advertising in weekly publications, but I do not think that we are in a position, nor that we will be in a position in the immediate future, to make a meaningful presentation to national advertising agencies for national advertising. And I think it's a bit unfair for any newspaper to expect its association, which is primarily a fraternal association, to make a major effort in sales. I don't think we can be expected to have the resources with the funds that are available to us.

**The Chairman:** At the same time, I am sure you would share the opinion which has been expressed here about Federal Government advertising. You would expect more Federal Government advertising, or would you? I don't want to put words in your mouth.

**Mr. Somerville:** Yes, I would, based primarily on the fact that if the weekly newspapers are important enough to be on the receiving end of so many press releases,

surely we are important enough to place paid advertising in for the benefit and information of our readers.

**The Chairman:** But the Federal Government advertising is placed mostly, I think, through advertising agencies.

**Mr. Somerville:** That is correct. What I am saying, Mr. Chairman, is that I do not think—and this is a personal viewpoint—that the Federal Government should place advertising in weekly newspapers as a means of subsidizing weekly newspapers. I have no use for this at all.

I think that the weekly newspapers have a proper function to their readers and to, in this case, the Federal Government, which would be an advertiser in getting a message across, and that we have a way, a medium, to express this message, and that as such, the Federal Government is missing a wide spectrum of readership by not advertising in weekly newspapers. The monies which are expended on these seemingly endless press releases could far better be spent in paid advertising.

**The Chairman:** All right. Fine. Mr. Miller?

**Mr. Lou Miller, Publisher, The Monitor, Montreal:** I just wanted to add, sir, on your statement a moment ago. The Treasury Board approves all advertising budgets and the list of media—the total shebang as far as advertising is concerned—here in Ottawa.

**The Chairman:** But I think you would agree that those decisions are made by the agencies; if you are under the impression that the Minister sits down and draws up the list of newspapers which will be used, I don't think he does. I think that those decisions are made by advertising agencies, and they come to the Minister much in the way that any agency goes to its client.

**Mr. Hacker:** May I comment on that? It seems to me it's been pointed out here that you are hiring an agency. Whether you are the Government or whether you are a company, you should have the say in where your money is spent.

**The Chairman:** Yes, but one of the reasons, and I don't want to get into that—but surely one of the reasons you hire an agency is so you won't have to do the work.

**Mr. Hacker:** Mr. Chairman, I know for a fact, having worked in an advertising agency, myself, which handled governmental business



that the agencies do, in fact, make the immediate decision as to where the advertising dollars go.

**Mr. Miller:** All the more reason we should speak to our Cabinet, the people who are running the various departments, such as Bryce Mackasey, to whom I have written on several occasions, and in this particular department, Labour—

**Mr. Hacker:** That is a last resort. I mean, if you don't get the business through the advertising agency, then like all of us, you go straight to the client, don't we?

**Mr. Miller:** We are not getting it from the agencies.

**Mr. Hacker:** No, so then we go to the client.

**The Chairman:** Well, you know, there may be more to say about this after the next panel. We are going to have to move on to "Disbursements". It could be that although we are leaving "Revenue", that we could return to this question when we come to the discussion following the next series of panelists. I would thank the gentlemen who are here, and I wonder if the final group of panelists would please come forward—Mr. Rodrigue, Mr. Willis, Mr. Friesen and Mr. Dunning.

Ladies and gentlemen, this final panel is going to discuss "Disbursements". I think we will perhaps turn to that discussion now. Again, gentlemen, I will tap once at eight minutes, and I would hope you can conclude in ten minutes.

The first speaker is Mr. W. E. Dunning, publisher of the *Haney Gazette*, Haney, British Columbia. Mr. Dunning?

**Mr. W. E. Dunning, Publisher, The Haney Gazette, Haney, British Columbia:** The term "Disbursements" sounds like the adjournment. We are nearing that point in the day, and with your indulgence, Mr. Senator and fellow panelists, I would like to say that to talk about the disbursements of eight hundred weekly newspapers is about as complex as trying to analyze the total industry in ten minutes.

I don't think there is anybody in this room who knows the full story of analyzing the Canadian weekly industry, individually or as an industry.

Fortunately, there is a group in the United States which has been making consistent studies of cost analysis and its breakdown of the actual weekly newspaper complex throughout

the years. I have the report comprising the 1968 report which dwells with some of the requests for information. I am not therefore going to answer some of the points relative to your disbursements subjects because I believe some of the other speakers will be covering them.

Fortunately, I will therefore be brief, and with your permission, I would like to point out that maybe ten years ago, weekly newspapers as a group or individually could be considered on a comparative basis because then they were nearly all on letter press. I do not know the exact percentage of letter press to off-set, but the complexities of the studies have not been made on that basis, and I don't think there is yet one planned, but it is something which should be done by the Canadian weekly industry, not only for its own benefit, but the industry as a whole across Canada.

I come from an area of Canada in which is recognized, and is now being tested in Vancouver, the cost of producing weekly newspapers or dailies—because the dailies are being made to compare and being made to meet the hourly rate, in B.C. is on a basis of the cost of producing such similar products in New York.

The basis of the contest in Vancouver is the basis of the obtaining criteria in New York.

There are weekly newspapers in B.C., some being produced by a combination of letter press and off-set, which are paying higher than the basic price.

Some of them are a combination of letter press produced and off-set printed; many of them are producing their own composition with work being produced out on outside presses or what they call "central printing".

I don't think there's yet been sufficient analytical material to make a comparison at the present on the cost of producing by these different methods, or, to know truly whether off-set has yet achieved the savings which are anticipated or hoped for in the change-over between offset and letter press.

No one will deny that off-set has the potential of control of colour and a greater feasibility in the longer production of the newspapers' runs, apart from a totally letter press shop for the production of newspapers. We have within our plant attempted to sell only the complete structure of offset to maximum size, with the exception of off-set for our jobs, so when we start to disburse the income which we have been discussing, it is an impossibility to study any standard of comparisons in any part of Canada. But there is



in this cost analysis, a study produced in 1968 and 1967, figures which will aid your thoughts this evening. I will leave this report with you, if you have it or not, because its breakdowns such that it is being accepted as a comparatively acceptable level of study for the weekly and the publishing field, both in the United States and Canada.

I am not too sure that the printing business as it exists in Canada today, knows enough about its own business and the details of its own business.

There has been the position of the metropolitan Ontario dailies entering the weekly field, as in Toronto, with a degree of success which we have not seen for several years.

I am not saying therefore that many of the publishers today would not be reluctant to all out because the figures show you—all these figures like in 1967, the net return to the average weekly newspaper was seven point four per cent. In 1968, on the same figures of comparison, the figures had increased to nine point two per cent, approximately, a little over five per cent on the gross return.

Now, 1969, undoubtedly—I know in my own instance and many others—has been or was a good year. The reports are not coming yet; so I still claim that the net return to an average weekly newspaper owner is less than the average bank loan charges accepted today. I believe the average bank loan on first mortgages on properties within sewered areas is about ten point five. I believe within the same area, the same banks charge fourteen and some points for home construction mortgages in unsewered areas across Canada. Those are established figures, and they are being now charged by banks.

With your permission, Mr. Chairman, I am going to read this statement, and then leave it with you because in it are included many solid facts, based on research, something which we do not have in Canada, but has been found by our experience to be comparable to our own position in British Columbia, and I think a basis for that analysis on a comparative basis across the country. This was published by the Publishers' Union in 1969, based on the report by Carl C. Webb, upon completion of tabulated returns from 16 weekly newspaper publications, who participated in the eighteenth annual Weekly Newspaper Cost Study.

Webb, who is both manager of the Oregon Newspaper Publishers' Association, and a Professor at the University of Oregon, says

that this sample of weekly publications enjoyed more business in 1968 as compared with 1967, and that they enjoyed a greater net return in their reports for this last study. Average income per subscriber increased from \$3,623 in 1967 to \$3,892 in 1968, a percentage rise of nearly five per cent.

The survey also showed that the adjusted net income after deducting a modest salary for the publishers increased from 7.4 per cent in 1967 to 9.2 per cent in 1968.

Newspapers from 38 States submitted 196 reports of 1968 income and expenditures in the States which has been conducted under the sponsorship of newspaper associations, managers and the national newspaper associations, the composite newspaper showed a distribution of income per subscriber as advertising—24.17; circulation 3.81; commercial printing—6.46; miscellaneous—4.48.

Income per employee increased from \$14,663.00 to \$15,595.

Offset printing of newspapers continues to increase and now is 49 per cent. of the current study.

In the final statement, 83 newspapers gave both advertising range and advertising for the kinds of advertising: average advertising net per income per panel for the composite weekly newspaper of 4,327 circulation in 1968 was: local, 1.19; national, 1.36; classified, 1.34.

**The Chairman:** I am afraid, Mr. Dunning, that you have run out of time. Can you complete in a sentence?

**Mr. Dunning:** Yes, wages generally average about fifty per cent. of the gross distribution of a weekly, with newsprint the second major factor and postal and the other incidentals, but I still feel that there is a tremendous amount of work yet to be made on behalf of the weekly industry, printing industry for a study analysis of our cost factors, something which we do need now and must be employed and stored by a computer. This is to the total benefit of the Canadian Newspaper Industry.

**The Chairman:** Are you going to leave that with us?

**Mr. Dunning:** Yes.

**The Chairman:** I think you may for the file. Now, Mr. D. K. Friesen of the *Altona Red River Valley Echo*, Red River, Manitoba.

**Mr. D. K. Friesen, Altona Red River Valley Echo, Red River, Manitoba:** Mr. Chairman, members of the Committee, ladies and gentle-

men: I am sorry. I was told to prepare a ten-minute speech, and I only have notes to the questions that were raised in your analysis that was sent me, but I hope that they will suffice, and that my remarks may prompt some discussion.

I would like to make my position clear in the light of some of the earlier remarks. Our newspaper is run as a department in our larger complex. Its sole function is the newspaper production itself, and its revenue only constitutes about two per cent of our total revenue.

Now, I will read the questions, and my notes to them.

*Question:* "It is contended that newsprint, transportation and postal costs have increased disproportionately with other industries. Do you agree?"

My answer is: not entirely; because the items in fact increased disproportionately with other costs in other industries. Postage costs for magazines have increased certainly, in my opinion to the detriment of the Canadian publications. We are subsidizing U.S. and foreign publications and printed material. These come into Canada duty free or at a lower rate of duty to our detriment.

Furthermore, while I am not personally opposed to the present increased costs for paid circulation weekly newspapers, as they have not hurt too badly, I feel that the services we are obtaining from the post office are detrimental to the point it takes six to seven days for delivery in our own province.

Postal costs for controlled circulation weeklies have risen much more than for paid circulation weeklies, especially in rural areas that depend on postal delivery, even if they do not have the newspapers mailed. As to advertising content, I content that they should be treated the same as paid circulation newspapers.

*Question:* "Do you feel that these increases are a serious threat to Weeklies?"

I think that many weeklies are feeling the pinch not because of this increase but because of other factors. This region has become too small to make the operation viable because of competition from other media, such as radio, TV, free circulation newspapers and advertising sheets. Better facilities are necessary in the rural communities. It seems the answer to this problem lies in merging these smaller newspapers in each individual community, but they must face realities or lose the home or weekly newspaper.

*Question:* "What should the government and/or industry be doing about them?"

I am personally opposed to subsidies to any industry or other facet of society unless it is being hurt disproportionately by the indiscriminate use of public funds for publication originating outside of Canada. In this respect I would recommend that the government give us a more efficient kind of postal service and help us to get the newspapers more quickly into the hands of our subscribers.

Should not the CBC do just what other industries have to do, increase circulation and develop revenue and cut costs by making their plant as efficient as possible? My concern is the amount of public funds which have been spent which directly compete with the private news media, such as TV, radio and newspapers. The CBC sells millions of dollars of advertising in competition with other media, sometimes without relation to the cost. Does the CBC pay taxes on their income? Other media cannot compete with them.

I think in addition to the advertising commissions they get, they received a subsidy of \$145,630,000 in 1968-69 and are requesting over \$160,000,000 for the current fiscal year. This permits them to send people from one end of the country to the other for feature which may take two or three months of their time. They ended up with 400 unused hotel rooms during Expo!

I would go on to add that what I would like to see is that they sell no advertising whatsoever at the local or provincial level, their function being to provide good TV and radio service across Canada.

*Question:* "Are salaries commensurate with other occupations?"

This varies a great deal. Larger weeklies pay their employees salaries and wages comparable with those of other publications. In some weeklies many high salaried people are employed as apprentice reporters. After gaining experience, they move into the larger centres, whose revenues permit them to pay higher wages.

The nature of the work requires long hours for reporters, but this is recognized and in spite of that, many of them are in the not so much for the money they receive as for the challenge; and specifying the type of work they perform is impossible.



**Question:** "Would increased salaries or improved working conditions deter Weekly staff members from moving to larger papers or the cities?"

This would probably help but it is not the sole criterion. There are many factors that impel good editors and reporters to remain in rural locations. Even editors from the cities or reporters from the city dailies are anxious to buy weeklies. One is a publishing decision of ignoring tight deadlines on dailies. They have a more relaxed pace on weeklies.

Large cities, large traffic problems, pollution and tense working conditions do not matter to the same extent as in the past when economic benefits did not always win out.

**The Chairman:** Thank you very much. The third panelist is Mr. I. D. Willis. Mr. Willis is the publisher of the *Alliston Herald*, in Alliston, Ontario. Mr. Willis.

**Mr. I. D. Willis, Publisher, Alliston Herald, Alliston, Ontario:** Mr. Chairman, Honourable Senators, Fellow Publishers, Ladies and Gentlemen:— I am honoured to have been asked to speak on this occasion, although somewhat appalled at having to try to deal with weekly newspaper costs in just ten minutes.

By the time I finished preparing this talk, I felt great sympathy for the old lady who had her epitaph engraved on her tombstone, "Meant well, tried a little, failed much".

To begin with the points set out in the agenda:— I do not think that costs have increased disproportionately to those in other industries, except for postage which affects some papers more heavily than others.

The problem is not so much rising costs of all kinds, with wages the heaviest charge, but the difficulty of increasing revenues to compensate. There are definite ceilings on local and national advertising rates and on subscriptions. To push any of these beyond a certain point results in diminishing returns, and now, just when these rates should be increased, many papers which have been "holding the line" have the added problem of the governments' anti-inflationary policies which are a psychological hindrance to needed rate and price increases.

I submit, therefore, that very many weekly newspapers are in a squeeze which can have serious ill-effects on their quality, effectiveness and even their very existence.

In this connection I would like to remind the honourable members of this Committee that weekly newspapers are in quite a different

position to the ordinary retail merchant who has a small investment in equipment, low-paid staff, often extended credit so that goods are not paid for until sold, and whose retail prices are a percentage mark-up on cost—and his rising prices are accepted as normal by the public. Compare this with the weekly publisher. The vast majority have very substantial capital investment in equipment; must employ high-rate skilled workers and have more employees per \$1,000.00 of sales than any retail store. Also, it is not easy to raise prices because of traditional prejudices about subscription and advertising rates which involve the false idea that weekly papers are a public service that, somehow, exist without needing to make money, or conversely, are making enormous profits.

The truth is that the profits are small when all costs are truly taken into account. Publisher monetary returns are modest if we may judge by a survey made in 1968 by the National Newspaper Association in the United States. After review of 161 weekly papers with circulations from under 1,500 to over 4,000, the survey suggested that a publisher-editor salary of \$6,000.00 to \$8,000.00 a year might be taken as a reasonable average.

Here are profits in percentage of gross revenue to the nearest thousand *after* deducting the publisher's salary but *before* income tax on five circulation categories: Under 1,500 with gross income, \$43,148—11.2 percent; 1,501—2,000 gross \$49,909.00; 2,001—3,000, gross \$92,089—10.2 per cent profit; 3,001—4,000 gross \$114,900—7.3 percent profit; Over 4,000, gross \$207,462—1.2 percent.

Out of the 161 papers, 13 percent did not earn the suggested publisher salary. The forecast for 1970 is lower profits.

As to industry, we do not feel that it is called upon to do anything about special low prices to weeklies except as to newsprint, the pricing of which might stand investigation, which, if I remember rightly, has been raised by other groups.

However, there is something which governments can do. It is to remove *all* sales taxes on equipment, parts and supplies used in all phases of production of legitimate weekly newspapers. We exclude equipment, et cetera, for commercial printing.

There is good ground for such exemption. Weeklies are in a unique position to provide two-way communication between governments and public. Because weeklies are usually thoroughly read, any government stories stand a good chance of being read too. Go-



ing the other way, an intelligent study of weeklies by governments will help them, the governments, to keep informed about what is happening at, and the sentiments of both the rural grass-roots and urban asphalt dust. Information Canada might make a special note of this.

So far as wages and salaries are concerned, they are the heaviest single cost and are rising. The aforementioned 1968 survey puts them at about 37 percent of gross income and they are higher now. Please remember that this percentage does not include the publisher's salary.

Of course, increased wages and salaries would help to hold staff, but money alone is not the only thing that enters into working for a weekly. There is the matter of congenial surroundings, less pressure, a happier employer-employee relationship, less need for special certified training, the open shop and many other things, including the pleasant lower-cost life in a small, friendly community.

Anyway, I am convinced that most weekly publishers are glad to pay as much as they can, but they cannot pay more than the business will carry. Also, wages must be acceptable in the over-all context or employees will leave. I think that I am right in saying that many publisher-editors earn less per hour than many of their responsibility-free employees. For instance, my wife and I get about \$1.70 an hour and no extra for overtime. We work about an eighty-hour week.

A weekly newspaper has got to make a profit to survive. There must be enough net profit after taxes for the publisher to maintain a decent standard of living and to set up reserves and buy new equipment. If Finance Minister Benson's White Paper tax proposals are implemented, it will be more and more difficult to do this and finance expansion. Weeklies are already in danger from the cost-price squeeze and Mr. Benson intensifies this threat to the survival of an independent weekly press.

Now, in the few remaining minutes, I would like to mention some other aspects of costs. Loss of subscriptions due to poor postal delivery is becoming a serious cost.

It also costs money to run even a very small fraction of the flood of news-releases which come from both the federal and provincial governments and their agencies. Some may deserve space but will probably need condensation because the bulk of such new releases are too long, too dull and too confus-

ing. Rewriting and publishing cost money, although weeklies are rarely given credit for the public-spiritedness in this regard, and it is galling to a publisher to give this time and space and then find that a revenue-producing advertisement on the same subject is being carried in other papers.

In our view, governments, in the broad sense should not expect weeklies to incur costs by giving free space for what is often straight government advertising. This should be paid for.

So far, I have dealt primarily with production costs. To these must be added costs of news gathering, features, selling both local and national advertising, photography, accounting and billing, completing government returns and questionnaires, general overheads and so on. These all cost money.

The amount spent in these different activities depends upon both the size and policies of the paper.

Some papers cut them all to the bone to reduce costs. There are all levels from this basic stratum upward, according to ability to finance news coverage, selling and other services. The policies followed are reflected in the quality of the paper.

Selling, advertising and billing takes time and, therefore, money.

Accounting costs money. Completing government returns is a non-productive cost.

In all papers, there is an economic balance between amount of advertising carried, amount of news and number of pages which can be produced efficiently with existing equipment and staff.

If the balance is maintained effectively, there should be a profit. If advertising falls off, there must be economies somewhere to compensate. The greater problem is when news volume is too heavy in relation to advertising (which foots the bill) or, even, when advertising and news exceed plant-worker capacity.

When this last happens, there is overtime at higher rates (and overtime cannot be incurred indefinitely) or the hiring of part-time help (which probably is not readily available in smaller places) or expanding plant and staff to meet the heavier work load. Expansion at this time needs to be very carefully considered in light of interest rates, taxation and business uncertainty.

Expansion results in cumulative cost beyond back shop staff and equipment

because a larger paper can mean more selling and more news gathering staff. Costs can pyramid. Will business growth carry them?

These general remarks apply to both letterpress and offset production. I might say that the figures given earlier were based on studies of both kinds of production.

In conclusion, I would like to emphasize that in this field, time and money equate; that weeklies are caught between fast-rising costs and slow-rising revenues; that removal of sales taxes would help a little to relieve the situation; that space is worth money and that governments should pay for "advertising" announcements; that the total cost-revenue situation could become one where some weekly papers may be forced to merge or sell out to chains, which will weaken a most important part of the web of the country's national pattern of mass communication—the independent weekly newspaper.

I thank you for your attention.

**The Chairman:** Thank you, Mr. Willis. The final panelist of the day is Mr. Vincent Rodrigue of *L'Éclairer-Progrès*, St-Georges, Quebec. Monsieur Rodrigue, please.

[Translation]

**Mr. Vincent Rodrigue, Publisher, L'Éclairer-Progrès de St-Georges-de-Beauce, P.Q.:** This statement concerns, above all, the general percentages of increased costs in the production of newspapers over the last five years. I have subdivided the various costs of production: (a) printing, (b) salaries, (c) administration, and (d) postage. First, I would like to point out that these are my own personal ideas, and not representative of any association. I obtained the percentages from personal experience and from various associates in the neighbouring regions, all in Quebec. Moreover, this investigation I conducted was not comprehensive.

Concerning the first item, the cost of printing the paper, in my estimation, increases range from 25 to 30 per cent over the last five years or so, varying according to the region. I think that this is a fairly normal increase in relation to the other industrial sectors. It must be said that the printing industry, at least in Quebec, has been hampered for years by work contracts. The cost of printing a weekly would equal one-third of the returns, and no more.

For the second item, employee salaries, we had a bigger increase over the five years.

This is due to the fact that weekly employees used to forget about the practical side of life and work, that is to say they were on duty seven days a week. It was a vocation. But, today, coping with reality as well as their vocation demands that they receive a more appreciable income. The future outlook in this area is very uncertain. There is a definite shortage of qualified editorial personnel. Governments and several other organizations draw from our manpower resources, and in view of the financial position of the weekly, there is not much that can be done.

Secondly, though the work involved in a weekly is not excessive, it cannot be evaluated by the number of hours or set holidays. Events wait for no one; we have to be there and that is where the sense of vocation comes into it. We cannot have the same work contract as the big newspapers or other news media. As in the previous item, I don't think salaries should exceed approximately one-third of the paper's income.

As for item (c), administration, there has also been an appreciable increase over the past five years. I estimate this increase as being between 40 and 50 per cent, varying according to the region and the size of the paper. These increases are not due entirely to a rise in the items involved, but also to the new compulsory and voluntary security plan which we must offer our employees.

In reference to item (d), postage, most of the rural weeklies, about which I have been speaking, use the postal service. The increase in this field amounts to somewhere around 120 per cent. Since we have come to a hotly-debated subject, I would like to give my personal opinion concerning the postal rates.

I am totally against a free distribution by the Post Office or any other Government agency, for the good of the people, the country and us, the publishers. First of all, it insures the people against perverse or revolutionary literature which could benefit in many ways from a free distribution. For the publishers who are not too badly off financially speaking, but who are nevertheless hindered from offering their readers a more efficient service, well, it would mean a further reduction in revenue and as always, it would be the quality of the paper that suffers.

Without creating a monopoly, as radio has in various regions, postal rates give us at least a minimum of protection as a serious newspaper. On the other hand, the serious-



ness of our paper is guaranteed by the subscriptions which we require and which must be paid. However, due to the size of this country, it costs a lot to deliver to some of our fellow citizens. These are precisely the cases in which the federal administrators are called upon to establish a service to insure that distant regions pay the same communication costs as more thickly populated areas. Just in passing, it should be noted that these scattered peoples represent an active sector of our country and we need them.

Thus, it is clear that this is an indispensable service, the total cost of which must be paid for, as a simple increase in taxes if you like, since in the case of newspapers, it is always the Canadian people who end up paying. They will do so until such time as the price gets too high, and then it is the industry which is compromised. In my opinion, to want to erase a deficit in this public sector in order to have a balanced budget is purely a matter of personal satisfaction.

To return to the percentages for items (c) and (d), administration and distribution, a difference of between 26 and 28 per cent from the figures for business is generally accepted at present.

To sum up, and this is only an estimate, but I think there has been a general increase of between 55 and 60 per cent over the last five years. Furthermore, in most cases, the returns have not had the same increase. In this kind of situation, it is unfortunate that the content of the paper is almost always the first to suffer, and, consequently, the readers.

For several years now, influential people have been claiming that the printed word is on the way out. Facts prove the contrary. It remains to be seen whether people will accept these facts, or whether the facts were designed to protect personal interests or friends. I would be the first to applaud and extol the electronic press, which provides a vital service and entertainment in our day. However, the more the electronic press tries to orient us towards the world at large, the more remote from the individual it becomes. This is why the print media are still the more desirable. It is as if to say that for our own good, we should learn to live together and our leaders should learn to treat us as equals.

I would like to mention the one point, which in my opinion, could most help the weekly press. This is a complete revision of the policy for press releases by the government, industry and associations. The cost of

composition, staff, and delivery of the releases is astronomical and, unfortunately, in spite of their interest, the majority of them end up in the waste-paper-basket because of a lack of funds on our part to publish them. We, the weeklies, are particularly affected in this situation. All kinds of pressures are used to get some free publicity out of us. I can assure you that the people who release these statements have our addresses, but, unfortunately, refuse to give them to the publicity departments, since they do not seem to be aware of us. It's the same with certain industries and most of the professional associations who draw up their own code of ethics when it comes to preventing their members from advertising while others of these same organizations inundate us with release to build up their own profession. Even if these release do contain some very useful information, the merchant, too, conveys an element of information in his advertisement, and yet he has to pay for his advertising. If we, the weeklies, are so close to our customers, then our obligations are all the greater, and all the more earnest. We simply ask to be allowed to give the public the kind of service they have a right to expect from us, while at the same time remaining a profitable industry in this country.

**The Chairman:** I must say, Mr. Rodrigue, may say for the benefit of Senators and others, it is now nine-twenty. I intend to adjourn this session at ten o'clock. I am going to now entertain comments which may be made at the microphones by individual members. I think Mr. McIntosh was going to start.

**Mr. Irwin McIntosh:** Mr. Chairman, my name is Irwin McIntosh, and I am the Managing Editor of the *North Battleford News-Optimist* in North Battleford, Saskatchewan, semi-weekly newspaper. I am the immediate past-president of the Canadian Weekly Newspaper Association.

I just wanted to say, in summation to some extent, Mr. Chairman, that you have seen here today the wide spectrum of opinion of publishers of Canada's weekly press.

I think we probably face in the weekly newspaper industry, the same things the farmers face in trying to have a national voice. As independent units, their opinion on various subjects differs very, very widely and I think you have seen to-day a wide spectrum of opinion on such things as a Press Council, editorial direction, government he



to the weekly newspaper industry, or on selling national advertising; and I may say on that particular point that the Canadian Weekly Newspaper Association was the prime or one of the prime movers in forming Canadian advertising representatives and lost some fifteen thousand dollars of its very, very long-saved revenue or savings in that venture.

I was interested in Mr. Hacker's remarks in the view that he really said that what destroyed this national sales group was regional representation; and the fact that the B.C. group was one of the prime movers that decided that they would be better served on a regional basis.

This very independence may be viewed to many as a weakness of the weekly press. To me, however, Mr. Chairman, I view these differences as helping to make the weekly newspaper industry independent, and I submit to you a viable force in democracy as it flourishes from one coast to the other.

One concluding remark I would like to make is that we hear so much these days about Canadian content in radio and television. Our journals, sir, are completely Canadian content, and I think we should be very proud of this particular fact.

**The Chairman:** Thank you very much, Mr. McIntosh. Are there any other people who wish to speak? Mr. Calnan has spoken before. I will hear him again unless there are others. Mr. Calnan.

**Mr. Calnan:** Senator Davey, Honourable Senators and friends—we are talking now about disbursements.

Concerning postage, the new Postal Regulations have put a semi-weekly in the same position as a daily. They do not rank a semi-weekly as a semi-weekly. It's ranked as a daily now. The postage costs of the *Pictou Gazette* rose from \$3,300 in 1968, to approximately \$10,750 next year, which is up approximately \$7,500 over two years.

If you happen to be unfortunate enough to have a mortgage, you are paying 9½ per cent interest now. If you are unfortunate enough to need working capital, you are paying 8 per cent interest now. I don't intend to disclose my own personal affairs, but I just state those facts.

If you are handling a payroll, you are acting as an unpaid employee of government administration. You are deducting income tax, Canada Pension contributions, Unem-

ployment Insurance, Ontario Hospital Services Commission, OMSIP. Those are the compulsory deductions, and the employer is deducting them for the government without any compensation. All right.

Now, on salaries, there is a necessity I think every year, or if not every year, every two years, to consider relating the payroll to the increased cost and price of living, unless we can lick this inflation deal, which means they keep on going up. There is a limit, I believe, to the amount to which we can put our prices up; so the question of having a profit gets to be the important thing, a profit sufficient to retire a mortgage principal; a profit sufficient to retire a working capital loan and have the firm's own working capital; a profit sufficient to renew the plant by new equipment, which only can be bought out of profit; a profit sufficient to leave a net profit for a dividend to the shareholders. That is a more or less impossible situation with firms which are in debt at the present time.

Now, on top of that, we come to the White Paper. Formerly, those companies which made thirty-five thousand a year net profit were taxed at twenty-one per cent. Now the White Paper proposes to take fifty per cent. What chance is there for the small corporation to survive?

Thank you.

**The Chairman:** Are there other speakers, gentlemen?

**Mr. Ernie Neufeld, Publisher, Weyburn Review, Weyburn, Saskatchewan:** Honourable Senator Davey, Honourable Senators, ladies and gentlemen: I am Ernie Neufeld, Publisher of the *Weyburn Review* in Weyburn, Saskatchewan.

I have been a bit surprised that until the last few minutes all discussion and conjecture and planning for the future seems to have been done on the basis or on the supposition that things are going to go on as they have been before; yet as the previous speaker just mentioned, we are faced now with a White Paper which proposes to take over fifty per cent of corporations' profits.

Not very many years ago, we were facing annual payments on capital investment of close to \$20,000 a year. On this sort of a situation, this would require about \$40,000 net profit just to meet your commitments. True, there is depreciation, but let us suppose someone in a good-sized operation now decides to go offset and with the word "offset", let us talk about a \$100,000 investment.

In five years at 20 per cent he has still only written off 70 per cent. He has paid for that equipment in most cases; so that's \$30,000 profit, of which the government would want \$15,000, or really, realistically, \$60,000 profit just to meet that commitment. So this is the type of thing we are faced with if it goes through. I think that in all your planning you are not being very realistic unless you are facing the fact that something will have to be done about this. Thank you very much.

**The Chairman:** Thank you very much. Mr. Friesen?

**Mr. Friesen:** I have seen a number of proposals recently by advertising agencies to various firms, none of which contained any recommendations to put their ads into weekly newspapers, one particularly where the advertising agency knew that we were looking for provincial distribution of the message we wanted to put across, and the only thing that they suggested was daily newspapers in the City of Winnipeg, radio stations also in the city of Winnipeg, and national magazines, and I think this just reinforced...

**The Chairman:** Yes, you made the point that other media can't compete with the CBC. I think private radio and private television compete with the CBC in Winnipeg, for example, very successfully.

**Mr. Friesen:** Not at their rates.

**The Chairman:** Well, it's my understanding the private radio and private television in Winnipeg are quite successful.

**Mr. Friesen:** That is true, but they still cannot compete. They cannot give the type of advertising that the CBC does because the CBC has large amounts that private radio cannot spend for the type of advertising that is necessary.

**The Chairman:** And yet you said a moment or two ago in the course of your remarks, I believe you said that you would like to see the CBC provide the same service with no advertising.

**Mr. Friesen:** That's right. They are getting a subsidy from the government anyway, and I said that...

**The Chairman:** You would increase the subsidy?

**Mr. Friesen:** Yes, you could increase the subsidy, but I said no advertising at the local

level and provincial level because I can understand that at the national level, this may not be possible.

**The Chairman:** I am not sure I understand you.

**Mr. Friesen:** Well, there are national things that have to be run on a national level like the Olympic Games where they sell a certain amount or where it will be sponsored by certain advertisers to pay for some of the costs of these programmes.

**The Chairman:** Well, Mr. Willis, I know, wants to say something, but I think that perhaps we should go to Mr. Derkson now.

**Mr. George Derkson, Editor, Estevan Mercury, Estevan, Saskatchewan:** Mr. Chairman, in the closing remarks, Mr. Willis mentioned his fear of the dominance of the chain, and I am sure that if the chains were represented here that they would say that they would welcome competition because the readers of the new papers would benefit from the competition, and the advertiser would benefit from the competition. But in fact, there is a lot of pressure brought on in the community other than in competition; rate cutting for example, instead of trying to improve the product.

Now, in our city, we have an underground newspaper. It's published by some very bright young people in both high schools. Now, these kids do everything in the paper from soup to nuts, from the actual production on a ditto machine to distribution. Now, these are bright kids, and they have different viewpoints and our world is changing. These kids are either going to merge with the present society or they are going to divide with it.

Now, if the existing press will compete with those kids in their news coverage rather than bringing pressure in the community to have their paper stifled, I think society will benefit. Thank you, Mr. Chairman.

**The Chairman:** Thank you. Mr. Willis?

**Mr. Willis:** I am afraid I am going to sound like a fifth columnist, but actually I am just changing hats.

Before I got bitten by the bug of being a weekly newspaper publisher ten years ago, was an agency account executive and I have also, for a good many years, been the advertising and public relations manager for a large national industry.



I would like to say a word on behalf of the wicked agencies. I don't think much of the agencies. I think they are stupid. I think they are narrow. I think that their media people are grossly overworked, and grossly under-trained. But there are some cold, hard facts which both the agency and the advertiser have to take into account, and which, if I may take the liberty, Mr. Chairman, of mentioning, should be considered by every weekly publisher.

In the first place, it costs about five dollars—it may now be more—to process one insertion order. Now, when you think of your own national rates, do you think honestly and conscientiously of the size advertisement which will do a job in your paper?

Now, you don't need a half-page ad. in the ordinary weekly. Now, I am not talking about the big weekly. There has been a lot of talk here about the big weekly, the sixteen-page, five thousand or up circulation weekly. But it's the little weekly, the small ones, fifteen hundred to three thousand, who are predominantly in this country. They are the ones who reach into the grass roots and where in many cases they get the greatest maximum value for investment by the national advertisers. Now, I know this.

When I was national advertising manager for a certain large company, with the permission of the President and over—I would say—the dead bodies of the agencies' people, we ran a series of advertisements in all weeklies of fifteen hundred and up across Canada, and the measurable sales of products, within three weeks of placing those advertisements, went up six per cent. It was repeated again the next month, and they went up another six per cent. At that time, I wasn't happy with the situation, and I went over to the agency field.

The agency, which we won't mention, sold the company and the Chairman of the Board on the fact that four-colour pictures with pretty models was far more in keeping with the dignity of the company, and the president would be able to boast about it at his club which he did, and sales went down twenty per cent.

Now, the point is that it costs the agencies money, and in spite of the statement made here by an earlier speaker, we act in some ways as an advertising agency, and we know that the papers we deal with can't even get an invoice made out correctly, and my friends in the agency field—we know that the agencies aren't putting them in.

I bought weeklies for ten years in agency. ABC means nothing. It's the quality of the paper that counts. You can have the louisiest paper that was ever produced, with the poorest advertising, the poorest editorial, the poorest news, and so help me, the mystique, the worship of ABC makes people buy it. A first-class paper, they don't.

Now, we have tried this. We have done it by actual experiment, and we know it is the quality of the paper that counts. Actually, to put it bluntly, who in the world cares whether the paper has 3,448 or 3,600 circulation. You are buying a market. You are not buying circulation.

I want to say flatly now, as an advertising man, as a national advertising manager, as a weekly publisher, the whole question of circulation has got to be related to the quality of the paper; and it's got to be a measure of quality before we are going to be able to sell advertising agencies on the fact that weeklies are worth having. It's the poor quality of the weekly. It's the lack of proof that they are doing the job, not some mystic figure, that is going to bring business to the weekly press, and we know from our own experience that if you go out to industries for direct mail, and you sell your product, you get national advertising. We do.

**The Chairman:** Thank you, Mr. Willis.

**Mr. J. L. McKenna, Kings County Record, Sussex, New Brunswick:** Louis McKenna, *Kings County Record*, Sussex: I am thinking of the previous speaker. You were talking about underground or the newspapers by kids and so forth.

**The Chairman:** The next previous speaker, yes.

**Mr. McKenna:** Now, I am just wondering—I don't know. I had an experience last Saturday morning. I was called out, and I wasn't even a member of this organization. I was called out to arbitrate something that was going on there. This was settled quite successfully, and I am just wondering on this point: how many of us really take the interest in kids that we should be taking?

I think they talk about a communications gap—I think we can communicate if we try, and I think it's very important that we do try. As I say, I am not even a member of this organization, but in fifteen minutes we got things straightened out.

Do we work at this? Should we work at this? I feel we should.



**The Chairman:** Thank you. Are there other speakers at any of the microphones? Yes.

**Mr. Dan Barr, Independent Sales Agent:** Thank you very much, Senator. Dan Barr, independent sales agent for newspapers, formerly with the 'Woodstock Bugle Times-Gazette'. I would just like to point out one thing that Mr. Willis said. Agencies are buying a market. That's straight—a market. They are not buying your circulation. They are buying a market in which you are producing your newspaper; therefore, you should be covering the market.

What I want to point to now is the rate cards that just about everybody produces. On the front of it, it states that you publish on Thursday. It gives local rates or national rates; whether you give colour, et cetera. On the back, it tells who publishes the paper. It's very nice, and all the rest of it. It says what your circulation is; what your population in the area is; and it says that you have hospitals and so forth and so on, and lists your big industries. It does not give any information whatsoever about your market.

Now, your market is not only necessary to your national advertiser but also to your local advertiser. By making up a decent presentation of what the market can do and what it is, and being able to present this via a salesman, not waiting for the man to come in to the office to buy the space, but getting out and selling it to him, with a decent presentation, you can increase your sales to both the national and the local merchants. All I want to say is: what you do need is to get out and sell your product, and if you can't sell it, don't expect other people to come into the store and buy it because this is not a market in which people come in and shop. You do have to get out and sell. Thank you very much.

**The Chairman:** Senator McElman, I think, wants to say something or ask the question perhaps. Are you asking the gentleman who was just speaking?

**Senator McElman:** In general.

**The Chairman:** Oh, a general question—thank you.

**Senator McElman:** There have been numerous references to Mr. Benson, the White Paper and Income Tax law in general, but they have been voices of general complaint. It's well-understood, I believe, that the White Paper approach is rather unique in the

income tax field in Canada, and that Mr. Benson has asked for constructive proposals on how to improve it.

Has the CWNA made suggestions, or proposals of any nature to Mr. Benson with respect to the White Paper propositions?

**The Chairman:** I wonder if there is a representative here. Mr. McLean, you might know. I am sorry. Mr. Craven, the President is there. I didn't see him. Could you answer Senator McElman's question Mr. Craven?

**Mr. Craven:** Mr. McLean is the Chairman of the Parliamentary Committee, I suppose.

**The Chairman:** I think that's what I call passing the buck.

**Mr. Andrew Y. McLean:** Senator Davey, and Honourable Senators:—the CWNA has not considered this in the full context of the White Paper.

Individual publishers perhaps have indicated an opinion. I think the attitude of the CWNA—and this could well be discussed at this first Directors' meeting since the paper has become a reality. The attitude of the individual publishers reflected their personal opinions, and I am not aware of any formal representations having been made by any individual publishers to the Association as such with a request that there be a formal presentation made.

The recognition has been of the preliminary nature, as it were of the paper.

**The Chairman:** Senator McElman, do you wish to pursue that?

**Senator McElman:** Yes, and I simply would like to ask:—is it not a sensible thing that the CWNA get...

**The Chairman:** Well, I think in fairness, Mr. McLean says it is. I think he agrees with you.

**Senator McElman:** On postal rates, I think we have heard a good deal of discussion about this. Surely these aren't the only increased costs that the weeklies have faced in recent years:—salaries, wages, newsprint costs, material of all kinds, ink, equipment. I think someone referred to exorbitant bank rates. Are these editorialized on and pushed with the similar emphasis as has been done with postal rates?

**The Chairman:** Who are you putting the to?

**Senator McElman:** In general, the panelists.

**The Chairman:** Mr. Friesen, do you want to answer that question or could you?

**Mr. Friesen:** I have pointed out as far as the paid subscription newspapers are concerned, the rates have not gone up that much, although there is another increase coming.

I was talking about some of the increases in some of the other media such as magazines and free circulation papers that have gone up very substantially, more so than possibly the machinery and other increases that the publisher has to face.

Was that the question, or is there another one that you...

**Senator McElman:** I was asking if the newspapers have pressed editorially and otherwise their criticism of these increases in their costs with similar emphasis to what they have done with postal rates.

**Mr. Friesen:** Well, I think they have. I think in general the newspapers have belaboured the high costs—the high interest costs for instance, and we have had editorials on the White Paper as well, and I know that many individual publishers through other organizations have made representations to Mr. Benson on these costs, but we are talking in the weekly field about two different facets. One is the rural press and one is the suburban press, and these are two different facets. These publishers face these problems in a different manner.

For instance, we are a country newspaper. We deliver our paper to the surrounding post offices who just insert them into the mailboxes, and it costs the post office really nothing to distribute our newspapers. Still we pay the same costs as we would have if we mailed it from our own post office; whereas in the cases of other mail, for instance, other second-class matter delivered in urban areas—there is a large cost to the post office of the house-to-house delivery that they have to make not only the Canadian publications, but also American and foreign publications coming in, which practically break the back of our mail carriers.

**Senator McElman:** Mr. Kierans has suggested that taking this second-class mail, the newspaper aspect of it, as a whole, and we have heard this same complaint from dailies and all elements of the print media—that the

newspapers are paying approximately twenty per cent of the cost to the post office department.

This represents, if he is accurate to any degree at all, a pretty substantial subsidy. I was wondering how you would relate this to the constant references to the subsidization of the CBC.

**The Chairman:** Who are you putting that to?

**Senator McElman:** Again, anyone who cares to answer.

**The Chairman:** Well, we might ask you to put it to one of the panelists or if any of the gentlemen at the microphones want to answer it. Well, once again, you have been talking to Senator McElman, Mr. Friesen. I don't want to put you on the spot, but could you answer that? I think perhaps you were the person who was talking about it in your brief.

**Senator McElman:** Is it suggested that they are being charged too much of the cost to pay twenty per cent?

**Mr. Friesen:** No, I don't think so. I said in my report that I wasn't too concerned about the increased costs that the paid subscription weekly newspapers are paying. It is the suburban weeklies, if they were using the post office, that would carry the large part of the cost. But this whole matter is not broken down, I don't think, enough by the post office to say where their increased costs are; whether they are with the rural weekly or the suburban weeklies or the free circulation newspapers or whether it's second-class matter of all kinds.

Now, magazines, for instance, might weigh one or two pounds and cost a lot more to distribute than a newspaper does; whereas the return to the post office is relative to what the weekly newspaper costs of distribution are.

**Senator McElman:** Mr. Kierans at one point—correct me, Mr. Chairman, if I am wrong, suggested the establishment of some kind of a fund that might be offered by government and distributed by the industry to those who were being charged or considered to be charged unnecessarily or to the point where they might be losing money.

Would you section of the industry find such a subsidy, if you will, offensive? What would you think of this proposition?



**The Chairman:** Perhaps we could put that to Mr. Dunning.

**Mr. Dunning:** No, I don't think I would like to answer that.

**The Chairman:** You wouldn't care to comment? Anyone care to comment on that?

**From the floor:** Yes, I would like to.

**The Chairman:** All right, before you do, I am going to say it's the last call.

If there is anybody else who does want to speak, please do go to the microphones. I don't want to limit discussion, but I think it is perhaps time to wind things up and call it an evening. Yes, Sir?

**Mr. Gorge Cadogan, Editor, 'Pictou Advocate', Pictou, Nova Scotia:** Senator Davey and Honourable Senators: George Cadogan, *Pictou Advocate* Pictou, Nova Scotia. I think one of the reasons there's a kind of resentment against some of the actions of the government, particularly the postal department, is because it seems that over the years, the Federal Government has bent over backwards to cater to the Americans.

Now, a few years ago, there was a Commission regarding publications and the complaints went in about the special privileges given to *Reader's Digest* and *Time Magazine*, and instead of doing anything about it, the government simply confirmed the special privileges for these two magazines, and now they are getting more advertising revenue than all the Canadian magazines combined.

Now, if we had freedom of the press in this country, there is one way this could be overcome, if enough of us would just subscribe to the home editions of these two magazines, but that is not permitted, and the Canadian government—

**The Chairman:** Now, wait a moment. Just a moment—what do you mean by the "home edition"?

**Mr. Cadogan:** The American editions—you cannot subscribe to the American edition of *Time* or *Reader's Digest*.

**The Chairman:** I don't think you are right.

**Mr. Cadogan:** Well, I know I am right because I have written.

**The Chairman:** They wouldn't send you a copy?

**Mr. Cadogan:** No, they will not, no, and as I say, the Canadian Government will do nothing about this. The Commission before would do nothing about it.

**The Chairman:** Well, let me ask you this: do you think that our Committee should recommend something be done?

**Mr. Cadogan:** Yes, I do.

**The Chairman:** Specifically, are you aware that the Canadian magazine industry came before our Committee and said that it would destroy them if we made that recommendation and it was carried out? To MacLean-Hunter Limited and all of the other Canadian magazines who came before this Committee, we put the question I have just put to you—they all said. "No".

**Mr. Cadogan:** I am aware they said that, but I simply don't believe it, and if they don't want the advertising revenue, there is another print media, the weekly newspapers, that would be glad to take it up.

**The Chairman:** Were there other things you wanted to say? No—thank you. Thank you very much, sir.

**Mr. George Baker, Publisher 'Kentville Advertiser', Kentville, Nova Scotia:** Honourable Senators: George Baker, *'Kentville Advertiser'*, Kentville, Nova Scotia. I just wanted to make one brief remark in response to a question that Senator McElman asked.

He asked if we were making the same sort of editorial comment on other costs, such as the rise in the cost of newsprint, the rise of the bank rate, and so one and so forth. I would just like to say that in my part of the country in the last six years, newsprint prices have up from \$133 a ton to \$140 a ton,—less than 1 per cent per year.

The bank rate has gone up more than that, perhaps 30 per cent, and I think everybody knows perhaps because of inflation, postal costs have not gone up on the same gradual trend at all.

Now, it may be true that the rates offered to weekly newspapers are subsidized rates, and if so, I personally would be against it, but I do feel that the Post Office Department is in no position to say what its costs are, and I agree with the panelist tonight. As far as other postal rates are concerned, they are pretty serious.



I happen to print a fair amount of direct mail advertising, and I might say that for something printed on newsprint, the logs can be cut and turned into newspaper, shipped from Corner Brook, Newfoundland to Nova Scotia. I can make up some direct advertising material; place it; put it on the press; print it; sort it for the Post Office; do half their work; and then they take three times as much to get it to the addressee as all the rest of us in that chain have taken to do our work.

**The Chairman:** Thank you. Senator McElman—

**Senator McElman:** There has been testimony before the Committee that the Government subsidy is a grave threat to freedom of the press.

Now, I think most will agree that there is a heavy element of subsidy in postal rates, a special consideration.

Would the President of CWNA perhaps comment on this question or the other gentleman who spoke in his behalf? Would you consider that the newspaper industry, including your section of it, receives a similar special consideration with respect to Estate Tax laws or Income Tax Laws?

**Mr. Roy Farran, 'North Hill News', Alberta:** Mr. Chairman, could I ask a question?

**The Chairman:** Of Senator McElman?

**Mr. Farran:** Yes.

**The Chairman:** Well, I don't think Senator McElman is the witness.

**Mr. Farran:** Well, I put my comment myself. Are we all sure that this really is a subsidy and that it's not in the nature of a factory filler, similar to the discussion we had a short time ago about newspaper machinery or printing one day of the week and filling it for the rest of the week?

I don't believe the Post Office plant can work on first-class mail alone. When the postman goes to the door, he might as well carry me cut-price mail as well, and that until it is demonstrated to me that this factory filler is being heavily subsidized, I am not convinced.

**Senator McElman:** Let's get away from that. There's no point in you and I arguing whether you are subsidized on post office rates. I think that's pretty well discussed and established. Would you suggest that your industry receive any special consideration in

Estate Tax Laws or Income Tax Laws or be treated the same as any other industry, small or otherwise?

**The Chairman:** Mr. Farran.

**Mr. Farran:** I think they should be treated the same as other Canadians. I believe that small business should still have the old provision of about twenty-three per cent. Income Tax up to a thirty-five thousand dollar profit level and then fifty per cent thereafter, but I don't believe there should be any special deals for publishers as opposed to other businessmen.

**Senator McElman:** Would there be any—Mr. Chairman,—contrary view to that amongst those who are here representing the weeklies?

**The Chairman:** Mr. MacIntosh.

**Mr. MacIntosh:** Mr. Chairman, I would just like to make a comment. The Post Office treat various weeklies in different regards; for example, among the smaller weeklies under ten thousand population, there is a free distribution zone. This has been traditional in Canada since Confederation to encourage smaller publications, and I think you have had adequate knowledge here today to show why that might be necessary.

Now, in my particular community where we are above twelve thousand people, and we are more than once a week, we are treated as a daily newspaper.

There is one difference between an urban paper and a rural paper. No urban paper depends on the Post Office for distribution. A newspaper in my category, for example, doesn't depend on the newspaper to distribute its material in its urban community, but more than half of our circulation is rural, and there is no alternative than in Saskatchewan and the West where our trading areas are big and the population small, to the Post office doing this type of work, but our contention is very much that which you, I am sure, heard from the 'Winnipeg Free Press', is that we do an awful lot of the work. Our readers come to the Post Office to pick up their mail, contrary to the point in an urban community where you deliver the mail to the door, and your costs, I would assume, must be higher than they are in our regard.

**The Chairman:** Thank you, Mr. MacIntosh. I am going to turn to the final speaker, the gentleman who has the microphone.

**Mr. Frank Withers, 'Bugle Gazette-Times', Woodstock, New Brunswick:** Frank Withers, 'Bugle Gazette-Times': what I am going to say, I think has something to do with money, In fact, I am quite sure it does.

As I understand it, the object of the exercise in calling this hearing was to look into the quality and the possibility of operating and the quality of news and news coverage, and I wonder if it cannot too solve some of our personal business problems.

**The Chairman:** I think if I may say, I think the purpose of the study is—as has been stated—the ownership and control and the impact and the influence of the mass media in Canada, and I agree certainly in the immediate instance, our prime concern is not the financial problems of any particular branch of the media. If you are saying that, I agree with you, yes.

**Mr. Withers:** That is about what I think. In this respect, I wonder...

**The Chairman:** Excuse me, but obviously if this is a matter of concern within any branch of the media, then it has to be a matter of concern to this Committee. Sorry, carry on.

**Mr. Withers:** The only thing I was going to say on this point was that it's been suggested several times that the CWNA should be selling advertising for us, but I would really question that. That is not the purpose for which I would join any Association, and I would just leave the idea that possibly this is the place to start this proposed press council; that the CWNA might, in fact, comment publicly on whether I plant my news, whether or not I cater to certain customers and whether I am doing my job as a newsman on that paper.

Thank you.

**The Chairman:** Well, I see Mrs. Murray wants to make a statement. Mrs. Murray, a short statement I will accept.

**Mrs. Margaret Murray, Publisher, 'North Vancouver Citizen':** Yes, a little sort of a benediction.

**The Chairman:** All right.

**Mrs. Murray:** And just a little bit of a comment—now, all day long, I have heard about costs and costs and costs, and I was sorry to see—don't go, Harry! This is good for you to hear it. I was sorry to hear the dis-

gruntled dissatisfaction people take about putting in a little mark about this White Paper.

Now, I don't know Mr. Benson from a pile of hay, but I have seen two complete wars start and finish in Canada in my fifty-seven years here, and every time there is a war declared, there wasn't half as much money for people to dig down in their pockets and sacrifice for when another country was in trouble, and Canada was called upon to go and help. Today, my friends, Canada is in trouble, Canada is in serious trouble, and if Canada in 1910 owed the United States nine billion dollars at one time. Old Pierpoint Morgan would have served the Blue Paper on you, and he would have come over here, and he would have made you pay up or he would be taking over your country. And when the same world war came, we were just getting out of the First World War and God knows we hadn't the money to dig down and fight another war. Who was behind the war? Who were the people who called the people to arms? Who supported the government when they declared war in September of 1939, your newspapers and you know what, it was. And I am very hurt to sit here and see this fine bunch of men and women groan with a little satisfaction when there is a knock on the door.

You got to cinch in your belt and you got to make a sacrifice out of your profits to help Canada out of the trouble that it's in today.

My friends, our country has its back up against the wall, and in God's name, instead of knocking the White Paper and knocking poor Benson who's an accountant and must know what he's doing and knocking those Members of Parliament whom we elected and sent down there and being opposed to them, in God's name, hop on the bandwagon. Pay they ask of you to do, and do it in the name of Liberty and Freedom, and good night and what you got to pay. Make the sacrifice that God bless you all!

**The Chairman:** Thank you very much. Well, Senators and ladies and gentlemen, perhaps I could just sum the day up in this way—it has not been our intention at all to be critical of the C.W.N.A. and Les Hebdoms or individual weekly publishers. If, indeed, it has appeared, for example, that we would propel the C.W.N.A. into the advertising sales business, then I can apologize. That has not been our intention.

It's been our intention to listen to you rather than have you listen to us. Indeed, I can think of no better way of summing up than repeating some of the things I said at the convention in Halifax. I hauled out a page and a half of notes, and they are very brief and to the point, and I think relevant.

I pointed out then that the weekly newspapers in Canada, and I point out now, are a national institution in a country which, I think, as Mr. McIntosh said, or was indicating, has too few national institutions.

Not only is foreign ownership or foreign control a problem, but indeed we have the exact opposite side of the coin with the weeklies. You people are unabashedly Canadian. I said in August in Halifax and I say it again now—Amen! Far from being concentrated, your ownership represents the broadest possible spectrum of free-thinking individualism. I think we have had that demonstrated again here today.

I think it's fair to say that your prime interest is serving the public interest in your community, and I think one of your greatest advantages and perhaps your operative advantages as opposed to television's and the big city daily's is that certainly you are the most immediate, the most direct, and the first link with the homes and families of the nation.

I think these days also you are, as I said at the beginning, to what you said earlier—

beginning to attract more and better young people.

I think your graphic designs and standards are improving dramatically. I think this is all in all really a relatively glowing picture, but indeed again, as I said in Halifax, as a student of publishing in Canada, it occurs to me that as a group, the journals and the publications—that I think more of the publishers of the weekly newspapers in this country than apparently the publishers of the weekly newspapers think of politicians.

Notwithstanding all of these things, I think it is also apparent from our discussion today that you do have some serious problems.

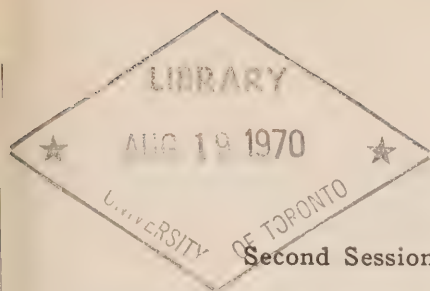
I think the discussion has been most helpful and I think you realize that you form a valuable part of the record.

When you leave here this evening—if when you get back to your many other thoughts, you have thoughts which you think would appeal to us, then please believe me, more than just as a trite invitation, I would urge you to send us your views and send them to us privately and confidentially and of course, we would be most interested; so I want to say to all the people who have participated today, and for each of those who have not, that it has been a useful day from our point of view, and thank you for coming. Thank you for participating.

The Committee adjourned at 10.05 p.m.







Second Session—Twenty-eighth Parliament  
1969-70

# THE SENATE OF CANADA

## PROCEEDINGS OF THE SPECIAL SENATE COMMITTEE ON

# MASS MEDIA

The Honourable KEITH DAVEY, *Chairman*

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No. 30

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THURSDAY, MARCH 12, 1970

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### WITNESSES:

*Canadian Broadcasting Corporation:* Mr. George Davidson, President; Mr. Ronald Fraser, Vice-President, Corporate Affairs; Mr. Laurent Picard, Executive Vice-President; Mr. Raymond David, Vice-President and General Manager (French Network); Mr. Eugene Hallman, Vice-President and General Manager (English Network); Mr. Knowlton Nash, Director, Information Programmes; Mr. Marc Thibault, Director, News and Public Affairs (French Network).

1969-70

MEMBERS OF THE  
SPECIAL SENATE COMMITTEE ON MASS MEDIA

The Honourable Keith Davey, *Chairman*

The Honourable L. P. Beaubien, *Deputy Chairman*

Beaubien  
Bourque  
Davey  
Everett  
Hays  
Kinnear  
Macdonald (*Cape Breton*)  
McElman

Petten  
Phillips (*Prince*)  
Prowse  
Quart  
Smith  
Sparrow  
Welch

(15 members)

Quorum 5



## ORDERS OF REFERENCE

Extract from the Minutes of the Proceedings of the Senate, Wednesday, October 29th, 1969.

With leave of the Senate,

The Honourable Senator Davey moved, seconded by the Honourable Senator Lang:

That a Special Committee of the Senate be appointed to consider and report upon the ownership and control of the major means of mass public communication in Canada, in particular, and without restricting the generality of the foregoing, to examine and report upon the extent and nature of their impact and influence on the Canadian public, to be known as the Special Committee of the Senate on Mass Media;

That the Committee have power to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of the inquiry;

That the Committee have power to send for persons, papers and records, to examine witnesses, to report from time to time and to print such papers and evidence from day to day as may be ordered by the Committee;

That the Committee have power to sit during adjournments of the Senate and that Rule 76(4) be suspended in relation to this Special Committee from 9th to 18th December, 1969, both inclusive, and the Committee have power to sit during sittings of the Senate for that period;

That the papers and evidence received and taken on the subject in the preceding session be referred to the Committee; and

That the Committee be composed of the Honourable Senators Beaubien, Davey, Everett, Giguère, Hays, Irvine, Langlois, Macdonald (*Cape Breton*), McElman, Petten, Prowse, Sparrow, Urquhart, White and Willis.

After debate, and—

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Thursday, November 6th, 1969.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Smith:

That the names of the Honourable Senators Giguère and Urquhart be removed from the list of Senators serving on the Special Committee of the Senate on Mass Media; and

That the names of the Honourable Senators Bourque, Smith and Welch be added to the list of Senators serving on the said Special Committee.

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Thursday, December 18th, 1969.

With leave of the Senate,  
The Honourable Senator McDonald moved, seconded by the Honourable Senator Smith:

That Rule 76(4) be suspended in relation to the Special Committee of the Senate on Mass Media from 20th to 30th January, 1970, and that the Committee have power to sit during sittings of the Senate for that period.

After debate, and—  
The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Friday, December 19th, 1969.

With leave of the Senate,  
The Honourable Senator McDonald moved, seconded by the Honourable Senator Langlois:

That the names of the Honourable Senators Bélisle and Phillips (*Prince*) be substituted for those of the Honourable Senators Welch and White on the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Tuesday, February 3, 1970.

With leave of the Senate,  
The Honourable Senator McDonald moved, seconded by the Honourable Senator Langlois:

That Rule 76 (4) be suspended in relation to the Special Committee of the Senate on Mass Media from 10th to 19 February, 1970, both inclusive, and that the Committee have power to sit during sittings of the Senate for that period.

After debate, and—  
The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Thursday, February 5, 1970:

With leave of the Senate,  
The Honourable Senator McDonald moved, seconded by the Honourable Senator Haig:

That the names of the Honourable Senators Quart and Welch be substituted for those of the Honourable Senators Bélisle and Willis on the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Tuesday, February 17, 1970.

With leave of the Senate,  
The Honourable Senator McDonald moved, seconded by the Honourable Senator Connolly (*Halifax North*):

That the name of the Honourable Senator Kinnear be added to the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Tuesday, March 3, 1970.

With leave of the Senate,  
The Honourable Senator McDonald moved, seconded by the Honourable Senator Denis, P.C.:

That the name of the Honourable Senator Langlois be removed from the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Tuesday, March 3, 1970.

With leave of the Senate,  
The Honourable Senator McDonald moved, seconded by the Honourable Senator Denis, P.C.:

That Rule 76 (4) be suspended in relation to the Special Committee of the Senate on Mass Media from 4th to 13th March, 1970, both inclusive, and that the Committee have power to sit during sittings of the Senate for that period.

The question being put on the motion, it was—  
Resolved in the affirmative.

ROBERT FORTIER,  
*Clerk of the Senate.*





## MINUTES OF PROCEEDINGS

THURSDAY, March 12, 1970  
(30)

Pursuant to adjournment and notice the Special Senate Committee on Mass Media met this day at 10.00 a.m.

*Present:* The Honourable Senators: Davey (*Chairman*); Beaubien, Kinnear, Macdonald (*Cape Breton*), McElman, Petten, Smith and Welch. (8)

*In attendance:* Miss Marianne Barrie, Director and Administrator; Mr. Borden Spears, Executive Consultant; Mr. Yves Fortier, Counsel.

The following witnesses, representing the *Canadian Broadcasting Corporation*, were heard:

Mr. George Davidson, President;

Mr. Laurent Picard, Executive Vice-President;

Mr. Ronald Fraser, Vice-President, Corporate Affairs;

Mr. Raymond David, Vice-President and General Manager (French Network);

Mr. Eugene Hallman, Vice-President and General Manager (English Network).

The following witnesses were present but not heard:

Mr. Knowlton Nash, Director, Information Programmes;

Mr. Marc Thibault, Director, News and Public Affairs (French Network).

At 1.00 p.m. the Committee adjourned to 2.30 p.m.

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At 2.30 p.m. the Committee resumed.

*Present:* The Honourable Senators: Davey (*Chairman*); Beaubien, Kinnear, McElman, Petten, Quart, Smith and Welch. (8)

*In attendance:* Miss Marianne Barrie, Director and Administrator; Mr. Borden Spears, Executive Consultant; Mr. Yves Fortier, Counsel.

The following witnesses, representing the *Canadian Broadcasting Corporation*, were heard:

Mr. George Davidson, President;

Mr. Laurent Picard, Executive Vice-President;

Mr. Ronald Fraser, Vice-President, Corporate Affairs;

Mr. Raymond David, Vice-President and General Manager (French Network);

Mr. Eugene Hallman, Vice-President and General Manager (English Network);

Mr. Knowlton Nash, Director, Information Programmes;

Mr. Marc Thibault, Director, News and Public Affairs (French network).

The following witnesses were present but not heard:

Mr. Georges Loranger, Supervisor of Corporate Services;

Mr. Barry MacDonald, Director of Secretariat.

At 5.40 p.m. the Committee adjourned to Friday, March 13, 1970, at 10.00 a.m.

*ATTEST:*

Denis Bouffard,  
*Clerk of the Committee.*



## SPECIAL SENATE COMMITTEE ON MASS MEDIA

### EVIDENCE

Ottawa, Thursday, March 12, 1970.

The Special Senate Committee on Mass Media met this day at 10:00 a.m.

**Senator Keith Davey** (*Chairman*) in the Chair.

**The Chairman:** Honourable Senators, ladies and gentlemen. This morning and this afternoon we are receiving a brief, from the Canadian Broadcasting Corporation.

I should perhaps repeat the announcement I made last evening and that is that the session with the CBC originally scheduled for eight o'clock this evening has been cancelled because of the fact that this is budget night, but we will be dealing with the CBC this morning and this afternoon.

If we find it necessary to make this evening's session up by asking the representatives of the Corporation back, I am sure, without asking them, they would be more than willing to oblige.

Sitting on my right, as I am sure you know, is the president of the CBC Dr. George Davidson. I will in a moment or two, ask Mr. Davidson to introduce his colleagues from the Corporation. Perhaps before doing that, may I say that the brief that the Committee requested was received three weeks in advance in compliance with the guidelines. The brief has been circulated to the Senators. It has been studied, I know, by some of them.

The procedure here is to allow you, Mr. Davidson, to make a 10, 12 or 15 minute opening statement in which you can explain our brief, amplify it, add to it, take away from it or say anything else that may be on our mind or indeed in your heart. Following that we would like to turn to the questioning and question you on the brief, on your oral statements and there may well be questions on matters which are not raised.

Good morning and welcome. Perhaps you would introduce your colleagues first.

**Mr. George Davidson, President, Canadian Broadcasting Corporation:** Thank you, Sena-

tor Davey. Ladies and gentlemen, I would like first of all to express the appreciation of the Corporation for the opportunity that has been given to it to appear before the Special Senate Committee on Mass Media. I would like to begin by expressing a hope that the appearance of the CBC this morning, being, I believe, the first appearance of any broadcaster as such, before the Special Senate Committee, that this represents a transition on the part of the Committee from the underground in which you have been dwelling to the high sierras of the broadcasting world.

We deal in the air. We deal with the people's air and it is therefore perhaps appropriate one should mark the transition in the way I attempted to do.

I would like to begin by introducing my colleagues who have come with me to give as much in the way of help and information to the Members of the Committee as possible. On my immediate right is the Executive Vice-President of the Canadian Broadcasting Corporation, Monsieur Laurent Picard who took office as Executive Vice-President on the 1st of February 1968, the same day I took over my responsibilities as President of the Corporation.

We have brought along with us the officers of the two language networks in the persons of Mr. Eugene Hallman on your immediate left, Mr. Chairman. Eugene Hallman is the Vice-President and General Manager of the English network broadcasting with headquarters located in Toronto.

On his immediate left is our Vice-Chairman and General Manager of the French language network broadcasting with headquarters in Montreal in the person of Mr. Raymond David.

These two gentlemen, I think, more than anyone else in the Corporation bear the primary responsibility for the broadcast service that goes out to the Canadian public in our two official languages.

We have also thought it appropriate to bring with us, in view of the concern of the

Special Senate Committee with the field of news, public affairs, information generally, to assist in presenting this testimony the heads of the information services in the two network centres in the persons of Mr. Knowlton Nash, Director of Information Programs for the English Network and Mr. Marc Thibault, Director of News and Public Affairs for the French Networks.

These four gentlemen who I have mentioned will assist Mr. Picard and myself in whatever extent may be required in the replies to questions that the Honourable Senators may wish to put to us.

We have also a number of other senior officers of the Corporation here. These will be available for supplying supplementary information, if that is required, and I mention in particular Mr. Ron Fraser, who is our vice-président of Corporate Affairs concerned with the relationship between the Corporation and permitting bodies in the community at large, including the CRTC, the various bodies representing the House of Commons and the Senate and so on.

I think with these introductions, Mr. Chairman, I will now proceed, if I may with your permission, to say a very brief word in supplementation of the brief which we have presented to you.

I do not propose to speak to the context of the brief because I think the brief in a large part speaks for itself. The Members of the Committee have had it in their hands for some time and I think it will save time if I leave it to your counsel and to the Members of the Committee to raise out of the brief what issues they think are raised in the brief.

I would merely like to depict for you in a very brief fashion at the outset the nature of the organization from whom you will be hearing testimony this morning.

You are concerned, among other things, Mr. Chairman and ladies and gentlemen, with the question of multiple ownership. I suppose from one point of view it could be said that the Canadian Broadcasting Corporation is the prime example of multiple ownership of broadcasting outlets in Canada.

We own and operate a considerable number of radio and television stations. To refresh your minds on the number involved, we own and operate 27 stations which we own in the English language across Canada and seven French language stations. These are in the field of AM. We own and operate six FM

stations in addition to that as well as five short-wave broadcasting outlets for a total of 45 owned and operated radio outlets in the country as a whole.

In addition to that we own and operate 12 English and five French language television stations for a total of 17.

Now, if any private broadcaster were to come before this Committee with that kind of a broadcasting complex under his ownership and control, I think the Members of the Committee might quickly recognize that this is a fine example of a concentration of broadcasting entities in the hands of a single entrepreneur that might illustrate the problem with which you are concerned.

I will leave it to the questioning at a later date to bring out whether or not in the mind of the Corporation and in the minds of the Members of the Senate Committee this represents quite the same kind of problem when it is concentrated in the hands of a public broadcasting entity set up by parliament, as it might represent if it were a comparable complex held in the hands of private entrepreneurs.

The Corporation is a multiple organization in more ways than one. There is a tendency, I feel in the country at large to think of the Corporation in terms of the use that the individual viewer makes of the Corporation and since the individual viewer is usually an Anglophone who watches English television or a Francophone who watches French Television, it does not always occur to the viewer or the listener to radio that the Corporation is a multiple complex organization providing no less than nine different kinds of services simultaneously to the people of Canada and to the people who are interested in Canada outside the boundaries of our country.

We have, for example, an English language television service operating from coast to coast over the longest micro-wave network in the world. We have also operating at the same time a full time French language television service which we call a nation-wide service, but it is not truly nation-wide, I have to say, in the same sense that the English language service is truly nation-wide. It is not truly nation-wide because we have not yet been able to develop the complete network facilities to ensure network broadcasting or microwave links simultaneously from one end of this country to the other.



We have a micro-wave net that covers the portion of Canada from the Atlantic to Sturgeon Falls in North Western Ontario. We have also a number of outposts, French language broadcasting television and radio stations in Western Canada at Winnipeg.

I am happy to say that we have had a very successful opening on Tuesday night of the new French language television station in Edmonton but these are not hooked up to the network by micro-wave and they still represent a partial effort to provide services to the French speaking communities of Western Canada which lacks the completeness that we are able to provide for those that are fortunate enough to live in the Central and Eastern parts of the country.

But here we have two services, the English language television service and the French language television service. In addition to these we have English language AM services provided on a coast to coast basis and a French language AM radio service, making four separate services altogether.

We have a nucleus, a cluster of FM stations, six in number, which we cannot say represents a complete nation-wide service but which does represent a distinctive and different kind of service which we are developing. We have in addition to those five services our short-wave service overseas in which we broadcast in 11 different languages to 26 different countries.

We have our services to the armed forces overseas which we provide in a manner that is not duplicated by any other broadcasting entities operating in Canada and we have a very important final service, the Northern service by which we broadcast in short-wave to people in the Northern parts of Canada and people living in the high Arctic.

I mention these separate services, ladies and gentlemen, in order that you will have some better comprehension, I would hope, of what it is that goes into the expenditure of 166 million which is provided by the Parliament of Canada to ensure the provision of broadcasting services to the people of Canada through the Canadian Broadcasting Corporation.

There is a tendency on the part of all of us to think in terms of the Canadian Broadcasting Corporation as one network and CTV as another network and this ready comparison fails to take account of the fact that the CBC does more than an English language network serving 14 Metropolitan communities in the way that CTV does.

We have these obligations to provide these other services. These other services cost substantial amounts of money. For example, our total radio service costs something in the neighbourhood of \$35 million a year to operate. This is a part of our total budget and this accounts for the fact that our requirements from Parliament are as large as they are.

This will give you some idea of the complexity of the organization, of the variety of services we are trying to provide and there is material that has been presented to the Committee, I believe—am I right, Mr. Chairman, this document, "CBC Facts and Figures", has been presented to the Committee.

**The Chairman:** Yes.

**Mr. Davidson:** This document will give you in much greater detail the true complexity of the structure and the organization of the Corporation.

Can I just say one final point before I complete my opening remarks? The Corporation has in recent years been operating on the basis of an English language network broadcasting service and a French language network broadcasting service and a regional broadcasting service and this has been for the purposes of ensuring that there has been a development of regional broadcasting services through our regional centres of production in a way that is called for and contemplated by the provisions of the Broadcasting Act.

We are now in the process of restructuring and, hopefully, simplifying some of the complexities of the organization that have resulted from separating the regional broadcasting operations from the two network broadcasting operations.

Frankly the organizational pattern that has existed up to the present time has resulted in some divided jurisdiction and some problems arising as a result of that divided jurisdiction. We have decided that the sensible thing to do, which will simplify and clarify the lines of responsibility, is to structure the corporation on the basis of the two language broadcasting systems and we are therefore now in the process of merging our regional broadcasting entities into our two language broadcasting systems. When this change-over is complete, we will have two language broadcasting systems one of them under the direction of Mr. Hallman operating out of Toronto and the other one under the direction of Mr. David operating out of Montreal.



The result of this change, when it takes place, will mean that our Vancouver French language radio station, instead of being the responsibility of the regional broadcasting entity in British Columbia, which is overwhelmingly Anglophone and which understandably sees the French language radio station there as a relatively small entity in a much larger complex of broadcasting apparatus. The French language radio station in Vancouver will under the new arrangement become the direct responsibility, operationally, programwise and in every respect, of the French language broadcasting system with headquarters in Montreal.

This will be true of the Edmonton television station and it will be true of the Winnipeg television station in the French language. Per contra the responsibility for all CBM and CBMT the English language radio and television stations in Montreal, which at the present time form part of the Quebec division and are the responsibility of Mr. David, then will become part of the English language broadcasting system and will fall under the direct control and responsibility of Mr. Hallman. In this way we think the lines of responsibility will be simplified and clarified, and we hope as a result of that some of the confusion which sometimes surrounds the Canadian Broadcasting Corporation may be dissipated.

With this in the way of a brief statement as to the nature and structure of the organization with which you will be dealing, Mr. Chairman, I think the best thing I can do now is to turn matters back to you and to say that we will all do our best to answer the questions that are raised with respect to the brief we have presented to the Committee and we hope we will be able to also successfully deal with any other questions that Members of the Committee may have in mind.

**The Chairman:** Mr. Davidson, may I thank you for a helpful statement and may I also compliment you on the quality of your brief. I am sure there are questions both on the brief and on the statement. I think we will start with Mr. Fortier.

**Mr. Fortier:** Thank you, Mr. Chairman, tonight is budget night and this morning we look at a part of the budget, I guess, Mr. Davidson.

You gave a few hours to a Mr. Blackburn who writes for the Toronto Telegram shortly before leaving Edmonton. After this interview with you he wrote a column which I am sure

you must have seen as you were winging your way back from Edmonton. If you did not, I will read part of his column and I will ask you for your comments.

He says "I have not spotted anyone who has kept his cool better than George Davidson, President of the CBC."

**Mr. Davidson:** Keeping his school?

**Mr. Fortier:** "Keeping his cool". And he says "Mr. Davidson right now is perhaps the most beleaguered of broadcasters." I will talk more about that later. And then he goes on to recite some of your intentions—at least he makes them out to be so.

He says "The CBC is thinking of dropping the late movie on the CBC stations".

Then he goes on:

"Maybe they will drop a vice-president."

So as to save us some of the questions that the Senators may have intended to ask, would you tell us which one is to be dropped?

**Mr. Davidson:** If he is here, he will not answer. Maybe that question is just for starters. The word "vice" was misplaced there. He was speaking of dropping a president.

**Mr. Fortier:** You mean you have had it?

**Mr. Davidson:** No, no. I have enjoyed this experience as I have enjoyed few experiences in my years in the public service and Mr. Blackburn's question I do not propose to answer directly at this particular juncture.

Mr. Blackburn was asking me how far up the line our current austerity would operate and how far up the line our establishment reductions would operate because we are in the process, as a result of the budget freeze in effecting establishment reductions.

I said that there was no arbitrary limit to the levels at which the establishment cuts, by decree, would stop, that they could rise as the way up to and include vice-presidents, the circumstances required.

I hope that will allay some of the fears on your part as well as some of the fears on the part of our vice-presidents.

**Mr. Fortier:** You have been president, Mr. Davidson, of this very important crown corporation for some two years now. Have you found it difficult, as head of a crown corporation, to build your own team?

**Mr. Davidson:** One always has the experience of moving into a situation where you are

taking on an on-going organization, one has the problem of trying to determine what parts of that organization need maintenance, retention and what parts need renewal. This is structurally the case and one never has the same free hand that one has in beginning from the beginning to build a brand new organization.

I had the experience back in 1944 when family allowances were inaugurated and when the Department of National Health and Welfare was created, of building the welfare half of that department from zero. There was not a single employee in that organization when I began to build and therefore one has relatively complete freedom of choice in the selection of personnel. One does not have to live with the mistakes of the past. One makes one's own mistakes and the result is, in many ways, it is an easier initial enterprise.

**Senator Beaubien:** How many employees has it got now, Mr. Davidson?

**Mr. Davidson:** I do not know how many it had but it had a remarkably good record, Senator Beaubien, of a small number of employees in the years up till 1960 when I left there.

I think there were about 867 employees with family allowances across the country, a remarkably small number with a remarkable small percentage of the administration cost.

Now, by contrast on taking over the presidency of the Corporation I found an on-going organization, already structured, already manned with personnel, some 9000 personnel in all and Mr. Picard and I were the only two newcomers. We have had to make our assessment of the need for structural change and also of the need for personnel change.

There has been, I can say, a very substantial reallocation of functions structurally and reassignment of personnel of very significant degree in the two years we have been responsible for it.

**Mr. Fortier:** Have you been able to go outside the confines of the CBC itself or the Corporation to pick and choose men or women whom you consider fit and proper persons?

**Mr. Davidson:** There has been no obstacle to our doing so. I can think of one senior appointment we have made from outside the Corporation. This is not the only one but I can think of at least one immediately; but our changes have been for the most part—I think

it is fair to say—at the upper levels, a reassignment of senior personnel to new responsibilities and new duties.

Both Mr. Hallman and Mr. David owe—I use that word in a rather questionable sense—their appointments to Mr. Picard and myself and they do not forget to remind us at times that the slings and arrows of outrageous fortune that they have suffered are the result of their accepting these assignments from us.

**Mr. Fortier:** Do you find in a crown corporation, as opposed to a large public corporation, the president is hamstrung in his choice of team members?

**Mr. Davidson:** Not in the least. I can say quite frankly that there have been no restrictions that have been felt by Mr. Picard and myself or that anybody has every endeavoured to impose upon Mr. Picard or myself in our selection of personnel.

**Mr. Fortier:** Insofar as the two top positions are concerned, is it your prediction—I do not wish it upon either of you—in future years when the occasion arises, it will be again advisable to go out of the Corporation to find a president or an executive vice-president or do you think that the crown corporation will now produce people of a calibre such as yourselves who will be able to perform effectively?

**Mr. Davidson:** I would hope that there would be complete freedom of choice on the part of the authorities responsible for making these appointments and other appointments.

Certainly, there should be no assumption when one is looking for the president of the Corporation that the president of the Corporation should be selected from the best of the 9000 people who happen to be working at the Corporation at a given point in time. The selection should be made from the 21 million or 22 million Canadians who are available and who have a variety of qualifications for the senior post.

The nature of the two positions has changed a little bit, as you may know, Mr. Fortier, since Mr. Picard and I have taken over. Under the old Broadcasting Act the posts of president and statutory Executive vice-president were both the prerogatives of the Governor-in-Council to fill. This is now changed. Under the new Broadcasting Act, the presidential post is now filled by the Governor-in-Council. The executive vice-presidential post is filled, if I recall the wording of



the Act, directly by the Board of the Corporation making a recommendation, which has to meet with the approval of the Governor-in-Council.

This does shift the nature of the appointment somewhat.

**Mr. Fortier:** But you yourself have not suffered from the fact that you had been prior to 1968 not associated with the CBC?

**Mr. Davidson:** Oh yes, I have suffered.

**Mr. Fortier:** You have?

**Mr. Davidson:** Terribly.

**Mr. Fortier:** Well, you educated yourself, obviously.

**Mr. Davidson:** There is no doubt about it in my mind that a person such as myself or Mr. Picard coming brand new to an organization as complex and as difficult to understand and to manipulate as the CBC, is under a very real handicap from the lack of knowledge of how the machinery works, in terms of incomplete knowledge of the qualities and characteristics of the personnel.

All of the complexities of the ongoing organization have to be absorbed in fairly quick fashion. I had one advantage, if I may say so, in that in my prior capacity as secretary of the treasury board I did have to deal with the CBC budget. I had therefore some understanding or some knowledge of the structures of the budget, of the structure of the organization, of some of the problems that were presenting themselves currently. To that extent therefore I did have a preview of a few of the problems facing the Corporation, but this was merely a glimpse. It was a key hole and did not give me the panorama of vision of the nature of the organization that one really needs if one is going to be an effective president.

Mr. Picard also had one or two incidental opportunities through training seminars that he had developed in his previous capacity for the Corporation to see some of the problems that both of us have been under a very real handicap in our apprenticeship, in trying to learn what this organization is all about.

**Mr. Fortier:** How have you found the cooperation of your new colleagues?

**Mr. Davidson:** Excellent.

**Mr. Fortier:** Was it acquired from the start?

**Mr. Davidson:** I cannot fault in any way whatever the degree of cooperation, the wholehearted cooperation and support I have had from the colleagues that we acquired when we took over the affairs of the Corporation.

I do not want to guild the lily without also having one comment. If there is one thing I would say to all of them, if they were here, I found that their loyalty to the Corporation, which is very great, prompted them at times to defend past positions and set positions in the Corporation which Mr. Picard and I, with our newcomer's eyes, were prepared to look at a bit more sceptically and we hope a bit more objectively than those who had been a part of the Corporation.

**Mr. Fortier:** The Canadian Association of Broadcasters in presenting a submission to the policy conference of the Liberal Party of Canada at Harrison Hot Springs in November last year, spoke of most of the bodies of public inquiries into broadcasting had been made up of inexperienced amateurs.

What is the feeling of the CBC with respect to inquiries such as the one which is going on now by the Senate Committee? Do you feel that since it is being conducted by "inexperienced amateurs" it will not be effective and does not have much credibility?

**Mr. Davidson:** What are you trying to do to me?

**Mr. Fortier:** You are sitting there, sir, and I am asking the questions.

**Mr. Davidson:** Well, you are talking to two inexperienced amateurs here in the first place.

**Mr. Fortier:** Well, you notice how I moved into this.

**Mr. Davidson:** But may I tell you what I said to a closed meeting that was held recently in the Chateau Laurier under the guidance of Mr. Graham Spry, whom I see in the audience.

The Canadian Broadcasting League held a meeting recently, which a number of senior people in the broadcasting world attended and a certain gentleman, whom I will not say is identified with the CAB, but I will not deny that he was—made an impassioned plea that the broadcasters of the country be left alone for a year or so.

He said "In my years of experience, I think I have gone through 19 inquiries of Senat



Committees, House of Commons Committees, Royal Commissions and Bob Fowler half a dozen times and everybody else has been in the act and will you not just leave the broadcasters alone for a year."

I was asked for my view of this and I got up and said I thoroughly disagreed with the gentleman who preceded me that appearing before Parliamentary Committees and Royal Commissions of Inquiry is about the only thing left that the CBC can really do well.

They laughed and we had our confidence taken away from us but seriously I feel very strongly that as a public broadcasting entity supported by the people of Canada and created by the Parliament of Canada that the CBC should be the last organization to raise any question about the right of bodies of inquiries to probe into its affairs.

Now, this is time consuming. It is burdensome in many ways. I can assure you, ladies and gentlemen it is expensive in many ways and the cost of operating the CBC is not made less by the number and frequency of the inquiries to which we go; but I believe it is part of the public responsibility of a broadcasting organization such as ours to respond to these inquiries and we will certainly do that as long as Mr. Picard and I are in charge of the Corporation with the fullest of cooperation and every good wish.

**Mr. Fortier:** The CAB in this same brief, Mr. Davidson, said and I would like to relate to the very good answer you have just given, if I may. I would hope that your comments now would include not only the CBC but also private broadcasters in Canada and I now the Members of the Committee would like your opinion on some of these things that they are doing and some of the things they are not doing.

The CAB says:

"Broadcasting in Canada will continue to be uncertain if it is subjected to insistent investigations continuing inquiry puts the broadcaster on the defensive and works against his creative activity. It produces dissension and distrust."

Do you agree with that?

**Mr. Davidson:** No. I think it can do that if there is the wrong kind of motivation on the part of those making the inquiry or if there is the wrong kind of motivation on the part of those responding to the inquiry.

I make a distinction between a public inquiry and an inquisition. If I were of the

view that a particular body making an inquiry into the CBC was doing so with motives that were not really consistent with the public interest, I think I would feel quite differently to that inquiry from what I would feel with respect to an inquiry which is set up as a responsible public investigation and conducted reasonably in the spirit of the inquiry.

I would not categorize the kinds of inquiry to which the CBC has gone in the past years and the kinds of inquiries to which I have been subjected to in the two years I have been president of the Corporation, as being inquiries that are not conducted in an overwhelming degree with the best of motives and hopefully with some constructive results in terms of the CBC.

**Mr. Fortier:** Do you, Mr. Davidson, find it is a good thing that the CBC should have a sort of appeal to the Governor General-in-Council from any decision of the CRTC as opposed, of course, to a private broadcaster?

**Mr. Davidson:** Well, I think that this is a useful protection for us. I think that the experience that I have had in the two years and the experience with the new Broadcasting Act is much too short to be able to document with specific examples the reasons why this safeguard could be a useful safeguard but, you know, human error is possible even in such an august body as the CRTC.

**Mr. Fortier:** Yes but...

**Mr. Davidson:** And the CBC being perhaps even more human and subject to error than the CRTC does welcome the opportunity to make an appeal to higher authority in the Parliament should the occasion arise.

**Mr. Fortier:** If human error is possible, as you well put it, why should the private broadcasters be discriminated against?

**Mr. Davidson:** That is a good question.

I know of no particular reason why the distinction should be made in the legislation between a private broadcaster and the public broadcaster in this respect other than the fact that I think in bodies like the other regulatory bodies dealing with other things, it is been found that the government tends to prefer to insulate itself from the kinds of pressures that can be put on it to change the decision of those regulatory bodies by giving the final decisions in most instances to the regulatory bodies and/or the courts.

Now, in the case of the Corporation, since the Corporation is already a body created by the Parliament of Canada and financed by the Parliament of Canada, which has to go to the Government for its budget each year, there is no prospect whatever of keeping the Government completely insulated from the affairs of the Corporation; and I can only assume that the Government takes a position that when it is caught in the middle between two bodies of its own creation, that there is a case for the Governor-in-Council to have the ultimate right to intervene in certain situations where there is a conflict between these two bodies.

**Mr. Fortier:** Both of which, of course, are creations of Parliament.

**Mr. Davidson:** Both of which are creations of Parliament.

**Mr. Fortier:** You have just spoken of the fact that the CBC owes its existence to Parliament and it gets its operating money from Parliament in the form of grants every year.

In view of the fact that Parliament has conceived the CBC and now keeps it alive, how much real insulation is there in the day-to-day affairs of the Corporation between yourself and your colleagues and Members of the present Government?

In your case you can only speak for the present Government.

**Mr. Davidson:** There is complete insulation accepted through the channels of the Minister, the Secretary of State who is the Cabinet Minister through whom the CBC reports to Parliament.

When I say there is complete insulation, I do not mean there is no communication. We will receive letters from Cabinet Ministers or Members of Parliament as we have a perfect right to do and as they have a perfect right to send to us.

We deal with these I think responsibly but we do not, I assure you, deal with them in any sense of unfair pressure coming from this particular source because it happens to be a Member of Parliament or a Cabinet Minister, who is making the inquiry.

**The Chairman:** May I ask you what kind of letters?

**Mr. Davidson:** Oh, we get letters...

**The Chairman:** I would never think of writing a letter to the President of the CBC.

**Mr. Davidson:** Well, I got a letter from a Member of Parliament the other day reflecting the fact he had received eight letters of complaint from members of his constituency in respect of a program that was produced out of his constituency.

**The Chairman:** What kind of letters would you get from a Cabinet Minister?

**Mr. Davidson:** We get the same kind of letters from a Cabinet Minister.

**The Chairman:** Do you treat a letter from a Cabinet Minister any differently than a letter from a Member say of the opposition or the Senate?

**Mr. Davidson:** No. We try to explain as best we can what we did and why we did it. If we did something we think was wrong, we would hopefully acknowledge it but we deal with a Cabinet Minister inquiry in precisely the same way as we deal with a Member of Parliament's inquiry.

**The Chairman:** I am sorry, Mr. Fortier, I may be asking questions you were going to ask but I am just curious to know: do you deal differently with letters from Members of Parliament than letters from the public?

**Mr. Davidson:** Basically no. Now, I will not deny if I got a letter from the Right Honourable John Diefenbaker I will probably pay more personal attention to the way in which the reply to that letter was worded when it goes out than if I received a letter from some individual who is not known to me.

There are just levels of attention that obviously are given...

**The Chairman:** Would it be fair to say if the letter was from a barber in Prince Albert of whom you had not heard, you might not even see the letter?

**Mr. Davidson:** That is correct.

**The Chairman:** Whereas, Mr. Diefenbaker's letter you would see?

**Mr. Davidson:** I would almost certainly see Mr. Diefenbaker's letter.

**The Chairman:** Senator Smith?

**Senator Smith:** There is just one step to take...

**Mr. Davidson:** Write me a letter some time



**Senator Smith:** We have just one more step to take in this area, I think. How do you treat a letter from the Secretary of State on the same kind of complaint that you would get from Members of Parliament or John Diefenbaker and so on?

**Mr. Davidson:** Well, in the first place I would say that the Secretary of State is probably the man least likely to write on any matter of a private complaint he has received from an individual or that he has himself from what he has seen.

The Secretary of State has been very circumspect in distinguishing between his official communication with the Corporation on matters of policy, budget, structure of the Corporation for which he has so much responsibility to deal with, and dealing with matters other than that.

Typically what happens is that the Secretary of State receives letters of complaint about the CBC, something it has done, and the Secretary of State's office replies to these simply saying that as the individual no doubt is aware, the Corporation operates as an independent crown corporation under the provisions of the Broadcasting Act.

It is responsible to Parliament and he is the communications through which the Corporation deals with Parliament and he has noted that and he is passing it on to the Corporation to deal with the letter.

**The Chairman:** Do you get many letters that should be directed to private broadcasters from people thinking that...

**Mr. Davidson:** I would have to say that in terms of the cross-section of mail that I see, I do not see many letters that should be directed to private broadcasters.

**The Chairman:** Just one other question. This may not be the kind of question you would expect and it may not be possible for you to answer but I would be interested in knowing something about the volume of this mail and also is it possible to discern any pattern in it?

What kind of things do they say? Where are they writing from and what are they writing about and how many people are writing?

Perhaps Mr. Fraser could answer that.

**Mr. Davidson:** Perhaps I could call upon Mr. Fraser, our vice-president of corporate affairs to answer that question.

**The Chairman:** Just generally.

**Mr. Ronald Fraser, Vice-President of Corporate Affairs, Canadian Broadcasting Corporation:** Generally, Mr. Chairman, this mail is almost entirely program mail. There would be a few letters about the coverage in areas that do not have much but the large majority of it would be program mail.

The volume varies tremendously, depending on what happens.

If people object to something, there is a definite increase in the volume.

**Mr. Davidson:** Could I supplement a further question? It could go to Mr. Fraser or Mr. Hallman as to whether the volume of mail is concentrated primarily at the network centres or headquarters or what is the situation.

**Mr. Fraser:** It is sent mainly to the network centres.

**The Chairman:** What would the volume be, Mr. Fraser?

**Mr. Fraser:** We might run several hundred letters a week, probably.

**Mr. Hallman:** I think, Mr. Chairman, the one figure I recall from about a year ago was something like 750,000 letters annually but I mean there would be a fair number we would deal with.

**Senator Smith:** Do most of these letters have to do with the so-called permissive programs, the programs which people think should not be permitted to appear, certain kinds of drama. You know what I mean.

**Mr. Fraser:** Yes.

**Senator Smith:** Are most of them concerned with that subject?

**Mr. Fraser:** I would hesitate to say, Senator, certainly some of them do. We can provide a breakdown, if you like, and give you the figures.

**The Chairman:** I think it would be interesting perhaps because this whole aspect of the permissive society and permissive programming is referred to in the brief but because I am sure we want to ask you some questions I think perhaps at this point we should burn back to Mr. Fortier.

I think I have some supplementary questions on Senator Smith's comment about permissive programming but perhaps we are getting ahead of ourselves.



**Mr. Davidson:** I would not wish that impression be left on the record. Most of the letters are about things that people do not like about our programs. It could be that we cut off the hockey game too soon, that we have put on a politician for too long a period, and I do not regard those as elements of the permissive society.

**Senator Smith:** I can vouch for the fact that at least one of them has to do with the adequacy or otherwise of the coverage by radio of my area of Nova Scotia.

**The Chairman:** Mr. Fortier?

**Mr. Fortier:** The daily newspapers have devised a letters to the editor column, as the case may be. I would imagine that many of these letters which the Corporation receives is in the form of a letter to the editor.

Do you consider that there is any way for the electronic communications media to give publicity to these letters and is there any study being made in this respect?

**Mr. Davidson:** I have raised, as the gentlemen at the table will testify, the question at various times both at our board meetings and at our management meetings. I have raised the question as to whether we could not develop a program period on radio in which we would perhaps from a slightly different point of view use the letter device and the answer device as a means of acquainting the public with some of the problems that are faced by the Canadian Broadcasting Corporation.

Perhaps this is a different approach. This is not so much a letters to the editor as it is using our correspondence flow as a means of interpreting some of the difficulties and problems of the Corporation to the Canadian public.

Mr. Hallman and Mr. David, who have been under pressure from me, to try to conceive some kind of answer along these lines, might care to add a word as to some of the things they are doing and some of the things they find difficult in doing in this regard.

**Mr. Eugene Hallman, Vice-President and General Manager, Canadian Broadcasting Corporation:** Well, I think we have begun just about a month or six weeks ago on radio a new program called "Your 2 bucks worth", which comes on on Sunday early afternoon.

It is an endeavour there to respond (a) to tell the story of what CBC radio is doing and also to respond to letters, phone calls, to suggestions that come up.

In addition I think we have a number of programs now particularly in radio in the English network "Cross Canada Check-Up" a number of structured programs in which there is a good deal of audience participation.

These I heard from coast to coast on pre-long distance telephone calls but a fairly carefully organized program.

"Radio Free Friday". There are a number of these which do not exactly fulfill the role of a letters to the editor column in response and I cannot see that can be done very well technically because it is basically a local function.

**Mr. Fortier:** Maybe not, but I asked if there was any possibility.

**Mr. Hallman:** The network, I think, would be very difficult. I think we are doing significantly in trying to deal with questions of a general character but actual responses, it seems to me, probably have to be handled locally and if there is time that can be done.

It will still be difficult in a linear medium like broadcasting to provide adequate time.

Television is even more difficult to handle that sort of thing on a network basis but a local basis is a possibility.

[Translation]

**Mr. Fortier:** Mr. David, do you wish to add something?

**Mr. Raymond David, Vice-President and General Manager, Canadian Broadcasting Corporation (French Network):** We did somewhat the same thing on the radio with a series called "Les Maillons de la Chaîne" which was broadcasted Sunday mornings all last year. Of course the information we passed on to the public was based on data compiled from telephone calls and letters that we had received—I have statistics on the number of letters and calls over the past three months. We built our broadcasts around subject material that the listeners were most concerned about.

The other method that we used very often involved the participation of the Program Director and Department Heads in a broadcast where they presented their programming and their plans and explained the reasoning behind our efforts. Rather than sending an immediate reply to every letter that we receive, we rely on these indirect methods of answering television viewers. We answer a letters but we answer them individually.

rather than allotting each one a certain amount of air time.

**Mr. Fortier:** Do you think it's technically possible for radio or television to air the criticisms of television viewers or radio listeners?

**Mr. David:** Of course it's possible, for when you come before one of our reporters you are treated in just about the same way as anybody else. In other words he tries to get opinions and bring out the truth whether he is interviewing somebody from the CBC or not. So this can be done quite simply. Of course you must keep in mind that interviews of this kind cover only the main points of criticism. There is no opportunity for direct criticism such as that offered by open press conferences.

**Mr. Fortier:** Thank you.

[Text]

**The Chairman:** Mr. Fortier?

**Mr. Fortier:** Mr. Davidson, you described, I suppose, what I would term as reasoned pressure from parliamentarians which is exercised. Does this reasoned pressure in certain circumstances—and I have regard here to the terms of the Broadcast Act—does it extend so far as to oblige the Corporation to provide certain services somewhere in Canada?

**Mr. Davidson:** Well, I would take a little exception, Mr. Fortier, to "reasoned pressure".

**Mr. Fortier:** The term is mine.

**Mr. Davidson:** The point I am really trying to make in this business of correspondence and so on, I think the Members of Parliament have no less a right to correspond with the Corporation and voice their complaints than the rest of the people of Canada.

**Mr. Fortier:** Do they have more of a duty?

**Mr. Davidson:** They have more responsibility. As well as the right of a taxpayer, they do represent a constituency and it is not only their privilege but it is their responsibility to communicate to the Corporation and pass on to the Corporation the kinds of dissatisfaction or the kinds of satisfaction that they have conveyed to them in their correspondence from their constituents.

**The Chairman:** This is really previous to your question because you are asking a dif-

ferent question. Just to follow this up. There are, by rapid calculation, 365 Members of Parliament in Canada. How many of them would write you on an average? Would half of them write or a third of them?

**Mr. Davidson:** I would doubt if it would be half of them who would write. And there are certain Members of Parliament whose particular field of interest is in this. They may have special reasons for it. They are on the Broadcasting Committee. They may have in their part of the country a special problem and therefore they are going to write to us more frequently than a member who lives in the middle of a metropolitan area like Toronto or Montreal and who has all the broadcasting services he wants or needs.

**The Chairman:** Would you hear from a quarter of them in a year?

**Mr. Davidson:** I doubt we would hear from as many as a quarter a year. We might hear from 50 to 75 members—that would be a quarter.

**The Chairman:** How many do you get from Senators? Do you hear from some Senators?

**Mr. Davidson:** Oh yes.

**The Chairman:** Quite regularly?

**Mr. Davidson:** Not regularly, not frequently enough, as a matter of fact.

**The Chairman:** Thank you.

**Mr. Davidson:** We hear from Senator Smith occasionally and we hear from a number of the other Senators. I see from my reference sheet Senator Paul Martin on one or two occasions.

**The Chairman:** Well, that could lead to a whole line of supplementary questions!

**Mr. Fortier:** Mr. Davidson, what I am getting at is, for example, insofar as the extension of your Northern service is concerned, does anyone order you to put say a package in the Yukon?

**Mr. Davidson:** No—the Board of Directors, of course.

**Mr. Fortier:** That I appreciate, after careful reading of the Act.

**Mr. Davidson:** We get strong representations from the member for the Northwest Territories. We get representations from the

mining companies, from the Chambers of Commerce. We establish an order of priority for our own extension of services; and there are many conflicting pressures on our capital budget. In respect of the Northern service, we have an arrangement by which an inter-departmental committee of Departments of Government who are concerned with the problems of the North, sit with us and advise on the order in which we should try to fill the needs of these different isolated communities in the North.

But, just to pursue the question a little further. You do know that before we can move into a community in the North, we have to get a licence from the CRTC. We must make an application for a licence. There are public hearings. There is a very lengthy procedure so that the only body which authorizes us to proceed with a project in the North would be the CRTC.

**Mr. Fortier:** But the decision has already been taken at the level of your Board of Directors?

**Mr. Davidson:** That is correct.

**Mr. Fortier:** And you are saying this decision is taken independently of any undue pressure?

**Mr. Davidson:** That is correct.

**Mr. Fortier:** ...from any Member of Parliament.

**Mr. Davidson:** I can say without hesitation or without qualification of any kind that the CBC Board of Directors makes its own decisions as to where priorities, in terms of its extension of coverage, are concerned and it proceeds on the basis of those to make its application to the CRTC.

**Mr. Fortier:** The setting up of repeater stations in remote areas of Canada—because I would like to speak about Northern services if we may for a few minutes—this comes out of your capital budget, does it not?

**Mr. Davidson:** Yes.

**Mr. Fortier:** I think we should create a distinction immediately between your capital expense budget and your operating expense budget? Correct?

**Mr. Davidson:** Correct. And as you are aware our operating budget comes by way of a parliamentary grant.

**Mr. Fortier:** Would you expand a little on both budgets, so to speak.

**Mr. Davidson:** Yes. Our operating budget comes by way of a parliamentary grant together with the revenues we derive from our commercial operations.

That operating budget runs in the neighbourhood of \$200 million to \$210 million gross a year at the present time, of which something around \$40 million is derived from our commercial operation and \$166 million is derived by way of a direct government grant.

This year for the first time, the parliamentary vote has been worded in a way which permits us to carry over any unexpended funds from the current parliamentary grant into next year for purposes.

**Mr. Fortier:** If you have any?

**Mr. Davidson:** That is correct. The capital appropriation, on the other hand, is a loan appropriation. It is an authority to the Governor-in-Council to lend money to the Corporation for capital acquisitions and construction.

We have to pay back that loan...

**Mr. Fortier:** With interest?

**Mr. Davidson:** With interest, which is pretty high at the present time.

**Mr. Fortier:** Can you tell us what it is, just by way of interest?

**Mr. Davidson:** The practice is for the government to charge I think one-eighth over and above the rate on Canadian Government Bonds over a 15 year period, or something like that.

**Mr. Fortier:** That is a standard rate.

**Mr. Davidson:** There is a standard rate that the government regards as being the basic cost of money to it plus a service charge.

**Mr. Fortier:** I see.

**Mr. Davidson:** And that runs us, if I recall correctly, somewhere pretty close to 9 per cent at the present time.

**Mr. Fortier:** What is the amount owed presently by the Corporation to the Government?

**Mr. Davidson:** This is shown in our balance sheet and it is something in the neighbourhood of \$95 million, if I recall. That is being added to each year to the extent of about \$10 million or \$30 million as our borrowing for the purpose of the Montreal consolidation, to



acquisition of new stations and the building of other stations, including these rebroadcasters and relay stations develops.

**Mr. Fortier:** Has the Corporation ever repaid any of that money?

**Mr. Davidson:** Oh yes. The Corporation has. This system of financing our capital budget by way of loans rather than by way of grants, commenced in 1965. There is a schedule that has been submitted to the Committee which shows our debt obligation, by the year in which it was incurred, the interest rate applicable and the repayment schedules, which all for us to repay the loans in equal installments over a period of 20 years.

May I perhaps find this in the documents we have here?

**The Chairman:** I think we have it.

**Mr. Fortier:** Yes, I just wanted a general picture.

**Senator Beaubien:** Last year was \$11 million.

**Mr. Davidson:** Yes, and it is increasing each year.

This presents, I can say, a very real problem for us in terms of the year in which our budget is frozen. Next year, for example, we will have the same kind of money that we had this year—\$166 million as an operating grant from the Government—but our obligation to repay, to the Government, capital loans and our obligation to pay higher interest rates on a larger volume of loans, means that our obligations of repayment to the Government in these two respects, interest and capital payments, amounts to about \$4 million more next year than they did this year.

We have got to find that \$4 million with the same amount of operating costs.

**Mr. Fortier:** On the Northern service...

**The Chairman:** Perhaps before you go on, are there any other questions that the Senators may have which are supplementary on this budget area?

**Senator Beaubien:** I would like to ask a supplementary, if I could.

**The Chairman:** I think we should deal with that at this point, Senator Beaubien.

**Senator Beaubien:** Mr. Davidson, the Montreal consolidation—how much was spent on that so far and what is left to be done?

**Mr. Davidson:** The Montreal consolidation budget consists really of three main elements.

There is, first of all, the acquisition of the land, the development of the plans and so on. That runs to about \$9 million, if I recall, and that is past history.

The total cost of the project is estimated at about \$66.2 million, of which about \$35 million will consist of the construction of the building itself.

**Senator Beaubien:** And is that fairly well advanced now?

**Mr. Davidson:** It is up to about the eleventh storey now.

I will tell you how far it has advanced in a moment. The balance of about \$25 million is for technical equipment that will go into the building.

**Senator Beaubien:** You cannot move what you had before?

**Mr. Davidson:** Well, we can move some of it.

**Senator Beaubien:** \$25 million for new equipment?

**Mr. Davidson:** That is about correct, if I recall, Senator Beaubien.

The acquisition of the equipment is mostly ahead of us. Of the \$33,675,000 that is estimated to build the building, about \$25 million or more in the way of sub-contracts has already been let.

I think we expect to spend this year about \$14 million altogether. Next year will be our peak year which will go up pretty close to \$80 million, if I recall correctly.

**Senator Beaubien:** How much?

**Mr. Davidson:** \$80 million and I am very pleased with the progress that we are making. We had proceeded on the basis of management contracts. We had put out...

**Senator Beaubien:** Tenders?

**Mr. Davidson:** ...inquiries. We got the big companies to bid not on the basis of a firm price contract, but on the basis of a management contract, with an incentive payment if they did better than their estimated cost on completion of the building and a penalty payment if they did more poorly; and on the basis of that from what we know to date we are going to bring in the building on target and probably a little bit under.

I cannot speak now for what our prospects will be in the acquisition of equipment because that is a separate problem, but the building will be brought in at less than the estimated cost that was offered by the contractors at the time they set their management fee.

**Senator Beaubien:** Mr. Davidson, when will you move in? When is that contemplated?

[Translation]

**Mr. David:** At the beginning of 1972 we are going to produce all the programming for 1972-73 at the new Place de Radio Canada.

**Senator Beaubien:** Is the same thing being done at Toronto, Mr. David?

[Text]

**Senator Beaubien:** Are you building in Toronto too, Mr. Davidson?

**Mr. Davidson:** Not at this stage, Senator Beaubien.

**Senator Beaubien:** When you get over Montreal then Toronto starts.

**Mr. Davidson:** When you have a capital budget next year, as we have, for \$25.3 millions and about \$1 million of that is being spent for further work on the Montreal consolidation, you have not very much left for the rest of the country.

**Senator Beaubien:** What is \$25 million?

**Mr. Davidson:** You said that. I did not.

**Senator McElman:** I have a supplementary, Mr. Chairman.

**The Chairman:** I think Senator Beaubien is still on a supplementary.

**Senator Beaubien:** I do not have one but it is closely related.

**The Chairman:** Are you still on the Montreal consolidation?

**Senator McElman:** No.

**Senator Beaubien:** Mr. Davidson, you said radio, out of your operating budget of \$166 million, costs about \$35 million. Could you break down what the other big branches are for the rest of the \$131 million. How is that going to be spent?

**Mr. Davidson:** I could give you, I think, a tabulation of that this afternoon.

**Senator Beaubien:** I want it very roughly.

**The Chairman:** I think the Committee has these figures or many of them. I think what Senator Beaubien wants is just a broad brush picture, if you have that?

**Mr. Davidson:** Yes.

**The Chairman:** Is that correct?

**Senator Beaubien:** Yes. There is \$131 million not accounted for. Where is it?

**Mr. Davidson:** I am trying to remember the figures for the French network and English network and regional broadcasting.

**Senator Beaubien:** Is that \$35 million for radio both French and English?

**Mr. Davidson:** Yes, for both French and English. My recollection is that television in French and English is somewhere in the order of \$90 million, between \$90 million and \$100 million, and then we have separate items such as...

**Senator Beaubien:** The TV, you say, is \$90 million?

**Mr. Davidson:** That is my recollection. I have not got the figure in front of me but let us say \$90 million. That makes \$125 million altogether.

**Senator Beaubien:** That is right.

**Mr. Davidson:** And we have something in the order of \$12 million for what we call network distribution. These are the land line, the microwave links that link up the stations across the country so we are up to \$137 million.

**The Chairman:** It might be better if you would prefer to return to this this afternoon. Perhaps our guest can prepare the figure.

**Senator Beaubien:** I just want a very rough figure.

**The Chairman:** I realize that but it might be better if you were to know about the Northern service and international service and so on.

**Mr. Davidson:** We can give you an accurate tabulation this afternoon first thing, Senator Beaubien.

**The Chairman:** I think that would be right. Would that satisfy you, Senator Beaubien?

**Senator Beaubien:** Yes, because I would like to ask some questions about the different costs of the different services.

**Mr. Laurent Picard, Executive Vice-President, Canadian Broadcasting Corporation:** If I may add something.

**The Chairman:** Mr. Picard?

**Mr. Picard:** On one of the documents you received which would be called *C and X, operating expenses*, you have that on page C3 and C4, a detailed analysis of the production and distribution costs and of revenue for radio services, television services.

**Mr. Davidson:** Could I also draw your attention to page 95 of our annual report for the last year.

**The Chairman:** Do you want to look at this to ask questions now? We have an extra copy of the annual report.

**Mr. Davidson:** Page 95.

**The Chairman:** We will deal with it now, I think.

**Mr. Davidson:** Now that you have this in front of you, Senator Beaubien, you will see that the national radio service—have you got page 95?

**Senator Beaubien:** Yes, I have.

**Mr. Davidson:** The national radio service in 1969 is made up, program costs \$25.8 million, network distribution \$3.2 million, station transmission \$2.85 million for a total net operating requirement of \$36 million radio. Correct?

**Senator Beaubien:** Yes.

**Mr. Davidson:** Do you follow me? And then the national television service is \$98 million. No, I am sorry. The \$98 million relates to program costs. \$11.9 million in network distribution, \$6 million for station transmission making a total net operating requirement for national television service of \$104,500,000.

We have in addition to that international service \$3.5 million, emergency broadcasting \$418,000, the repayment of capital loan \$3.9 million for a total of \$148 million, which represents for 1969 the draw down on our public grant.

Gross revenues \$41.5 million making a total of \$189 million.

I should point out to you that these figures I have given you show you a net charge against

the Government grant and one would have to allocate the gross revenues which are approximately \$2 million on the radio side and \$38 million on the television side, to the respective figures that are given here in order to arrive at the gross figures.

**Senator Beaubien:** Mr. Davidson, income from public funds you have \$148 million?

**Mr. Davidson:** Correct.

**Senator Beaubien:** But you got \$168 million last year?

**Mr. Davidson:** No. I am sorry. This column here relates to 1968-1969.

**Senator Beaubien:** Your figures are about the same.

**Mr. Davidson:** Our grant for the year 1968-1969 was \$151 million. We drew down only \$148.3 million and we turned back \$2.7 million to the Treasury.

In 1970 we have a grant of \$166 million and the vote will permit us to retain and carry over to next year any under-expenditure.

**Senator Beaubien:** Now, the repayment on capital loan, as I remember it, was \$11 million?

**Mr. Davidson:** That is 1968-1969 we are talking about in this Statement, Senator Beaubien. In 1969-1970 I think, if I recall correctly, our repayment of capital loan goes up to \$8 million and in 1970-1971 it goes to \$11 million. I speak from memory on those figures.

**Senator Beaubien:** That is for repayment.

**Mr. Davidson:** That is right.

Could I make a correction on that? The figure here of \$3.9 million is a repayment of loans which does not include interest. When I say there is \$8 million in 1969-1970 and \$11 million in 1970-1971, that is both interest and principal.

**Senator Beaubien:** Interest on the \$95 million you had before?

**Mr. Davidson:** That is correct.

**Senator Beaubien:** Where do you put the interest figure then?

**Mr. Davidson:** I would have to find it. I am sorry, I do not know.



**The Chairman:** Do you have other questions on this. Are you finished Senator Beaubien?

**Senator Beaubien:** Go ahead. I will come back in.

**The Chairman:** All right. I just wanted to ask Senator McElman if he has a supplementary question?

**Senator McElman:** Yes. Because of tight money and the availability of capital, will you have sufficient, Mr. Davidson, to proceed straight ahead with the provision of French language television to cover the whole of New Brunswick?

**Mr. Davidson:** No sir.

**Senator McElman:** What is the schedule?

**Mr. Davidson:** I would have to get you the detailed schedule.

I should add we do our planning in relation to all of the Maritimes. We are not isolating New Brunswick. You are talking about French language broadcasting?

**Senator McElman:** That is right, sir.

**Mr. Davidson:** We have a problem of supplying service to a community of about 7,600 French-speaking persons in the Southeastern part of Cape Breton Island, about the same number of people, about 7,500 in the Halifax area, a smaller number of 4,600, as I recall, in Saint John in New Brunswick and about 2,600 in the Fredericton area. There are a couple of thousand up in Sydney who are beyond the Mulgrave reach where we are planning a centre for one of our new rebroadcasters.

There are these five areas in which there are substantial numbers of French-speaking people. We are trying to sort out what our priorities are in these areas.

The reason for giving special attention to these areas is that they are now receiving no services at all in their mother tongue.

The problem of north-eastern New Brunswick is a somewhat different problem. There are many more people of the French language in this area, obviously, but they are not at the moment totally deprived of services in their mother tongue because they are receiving services from two stations in the Gaspé Peninsula, one in New Carlisle and the other—I have forgotten where it is.

**Mr. David:** Carlton.

**Mr. Davidson:** Carlton, which broadcasts into this area. I do not suggest it is an adequate service for the people of northeastern New Brunswick. These are private stations affiliated to us.

We certainly would like to be able to serve the people of North-eastern New Brunswick in the way we think that they are entitled to.

When one has to establish priorities, one has to think of the fact that there are 20,000 or 30,000 people in the five districts, to which I have referred, in Nova Scotia and New Brunswick that at the present time are completely lacking any service at all in their mother tongue. We believe that requires us to give our first priority and attention to them.

Now, we are hoping to begin in 1970, 1971 and 1972 with a series of applications to the CRTC that will progressively cover these areas that completely lack services. We have to get this into our capital budget availabilities, and we also have to try to find the means of providing a better service to the people of Northeastern New Brunswick, but I cannot give you a specific date.

Do we have a specific date in our planning schedule for north-eastern New Brunswick?

**Mr. Fraser:** Not that I have, sir.

**Senator McElman:** You are proceeding to originate the program; am I correct?

**Mr. Davidson:** We have established a production centre in Moncton. I believe on the 1st of April, the first elements of our service will move into that building and begin operating from that new building. But the very fact that we have had to spend a substantial amount of money on the development of the Moncton production centre and on the Yarmouth French language station and on the micro-wave stretching down the south shore to reach the Yarmouth community—all of that in the French language—this very fact has meant that we can only do that much in this area and we have to adjust our future capital budget to take care of the other projects.

**Senator McElman:** Is the intention that the prime feed for the Acadians will be out of Moncton with relays or micro-waves?

**Mr. Davidson:** Moncton will be the mother station for the French language broadcasting in this area. It will carry the French network feed from Montreal, which is a national service. It will supplement the French network

feed with some local production. That local production will be very modest, I have to say to you, at the beginning.

I do not want to create the impression that we are going to be able to do more than we can. It will be a very modest amount of local production to begin with, and as we are able to manage it, we hope to be able to increase the amount of local production coming out of Moncton to serve a community that you have described as being the Acadian community.

**Senator McElman:** This is recognition of the fact that the Acadian Community has a rather distinct cultural heritage. Is that correct?

**Mr. Davidson:** That is not, I would say, the explicit or prime reason.

The reason that we would want to produce program materials increasingly out of our regional production centre in Moncton is that this is in discharge of the mandate of the Corporation laid down under the Broadcasting Act.

The mandate does not distinguish between French-Canadians and French-Acadians but it does say the Corporation must show the different regions of the country one to the other and must encourage and develop regional production, and it is in fulfillment of this mandate that we hope to develop increasingly regional production capacity in the Moncton centre.

We will do it for English as well as for French.

**Senator Beaubien:** Mr. Davidson, what would you have spent on the production station in Moncton? What kind of money are we talking about?

**Mr. Davidson:** I think if I recall correctly over a two year period...

**Mr. Picard:** The operating costs of Moncton...

**Mr. Davidson:** No, the capital costs.

**Mr. Picard:** The capital cost is about \$1.2 million. It is not a station that is totally new. There was an English operation before the television. There was a radio operation.

[translation]

**Senator Beaubien:** The C.B.C. owned it?

**Mr. Picard:** Yes. What is happening is this—the creation of a French television station, the creation and combining of French

radio and English radio and English television.

**Senator Beaubien:** What do you mean by creation? Are you talking about a big building or something like that?

**Mr. Picard:** No. This means two things; it means a building has been bought and in this building previously separate operations—radio and television, French and English—have been brought together, namely English radio, French radio and English and French television.

**Senator Beaubien:** You put all this together?

**Mr. Picard:** Yes we put it all together and at the same time we set up a station for French productions...Raymond, would you like to add anything else?

**Mr. David:** There has been a station at Moncton for a number of years but it is a repeater station. In other words all of its transmissions originated in Montreal except in cases where it tied in with a telefilm network. Beginning this September they will have...

**Senator Beaubien:** September of this year?

**Mr. David:** Yes, of this year, they'll have fifteen minutes of local news and perhaps half an hour a day of public affairs. This means that they'll cover not only the activities of the Moncton area but the activities of French speaking New Brunswick as well. As we said earlier, this service will be distributed through Yarmouth beginning this fall. This means that this station will no longer be just a distribution station for Montreal productions but a station with its own personality serving the Acadian people.

**Senator Beaubien:** Mr. David, where are you going to find the personnel to do all this?

**Mr. David:** There is personnel available because we have had a radio station at Moncton since 1956. There is a local production unit and there is a French news-room which is used only for radio at the present time. So, there are around sixty people at Moncton.

**Senator Beaubien:** There are sixty people there?

**Mr. David:** Yes and there are about a dozen down there who are already involved in television because you have to have announc-

ers for station identification. Even though the programs originate in Montreal we have to have technicians to look after the transmitters and the operation of video tapes used in tele-films.

What they did not have was a local production unit. Anyway there is the nucleus of a production unit in the radio personnel and the nucleus of a technical unit in the people who serviced the transmitter and made transmission arrangements. All we have to do now is add the personnel required to make direct broadcasts from the studio that they'll have in the fall.

**Senator Beaubien:** And in September when everything is in full operation, how many people will there be?

**Mr. David:** Of course I don't know exactly how many staff we'll have to add in the fall; personally, I think we'll have to have around fifteen more people.

**Senator Beaubien:** Are the people you hired from Moncton?

**Mr. David:** Yes, because Moncton is a pretty big centre. Of course there has been some movement of personnel but generally speaking the staff at Moncton is Acadian.

[Text]

**The Chairman:** I wonder if I could ask just one question about a comment you made a minute ago.

You said a moment or two ago that you were going to have, as I understand it, and please correct me if I am wrong, to find somewhere or economize to the extent of \$4 million. I think it would be an unfair question to ask you where you are going to find the \$4 million.

But I think it is a fair question to ask you where, in making that determination, you will place your priority; in which areas will you look to save this kind of money?

**Mr. Picard:** Well, I am sorry, I did not hear the question.

**The Chairman:** You have, as I understand it, to find \$4 million somewhere this year. I was not asking you specifically where you will find it. I am curious to know what your priorities will be in looking for it?

In other words, there are some areas you simply cannot touch and other areas you will.

Do you understand my question?

**Mr. Davidson:** Yes.

**The Chairman:** Not the specifics, but what are the priorities in making that kind of judgment?

**Mr. Davidson:** I think that our priorities are we must maintain our programming budget as intact as we can make it. We may have to make adjustments elsewhere but in terms of budget that we allocate to programming, we must make every effort to keep these funds intact.

I will say this to you that the CBC Management, in this situation, exercise what I think is commendable foresight. I saw this coming.

It was fortunate this year in getting the consent of the Treasury Board to include in the wording of the parliamentary vote, a provision that we could carry over any unexpended balance from this year's operating budget. Mr. Picard and I, very early in the game, anticipating that we might be in some sort of freeze, required a certain portion of this year's budget to be set aside in reserve to protect ourselves against the possibility of a freeze in the coming year. And so we will have some unexpended balance to carry over into next year to meet our increased wage costs and increased capital costs.

**Senator Beaubien:** \$14 million.

**Mr. Davidson:** More than that. Please do not ask me how much more.

We have protected ourselves against next year. What we would do if there was a repetition of this experience a year later, I do not know. It would be much more serious.

**The Chairman:** Mr. Fortier, do you have question?

**Mr. Fortier:** Yes. Just to sum up, Mr. Davidson, if I may: to what extent does the freeze or this restraint prevent the CBC from properly fulfilling its function which Parliament asked it to fulfill when it passed the Broadcasting Act in 1968?

**Mr. Davidson:** Well, it limits our ability to proceed as quickly as we would like to proceed in terms of extension of services.

**Mr. Fortier:** Do you feel there is a need in Canada, sir, to proceed quickly in those areas?

**Mr. Davidson:** Yes. There is a need certainly to proceed quickly in areas which are completely unserved at the present time and to include in unserved areas, I may say, an area in which there is an element of the



Canadian population which is not now being served in its mother tongue so we will regard that area as being unserved in respect of that population.

**Mr. Fortier:** As you said earlier, you are prevented at the moment from extending the CBC?

**Mr. Davidson:** We are unable to move as quickly towards extension of services as we would like to and as quickly as we think the Canadian people in many of these areas are entitled to because we do not have enough funds to make all the extensions of services that we would like to.

**Mr. Fortier:** And as indeed Parliament asked you to do.

**Mr. Davidson:** Well, in fairness to Parliament...

**Mr. Fortier:** "As the funds become available".

**Mr. Davidson:** Yes. Parliament says "As the funds become available".

**Mr. Picard:** Could I add something to that? One is the demand of the CRTC to increase the Canadian content and the cost of Canadian programming is high. This is for next year and obviously it creates a new pressure on the funds.

[Translation]

**Mr. Fortier:** You're going to save a lot of money because you'll no longer be paying fantastically high prices for American programs.

[Text]

**Mr. Picard:** Well, the cost of an American program and the cost of a Canadian program is different.

**The Chairman:** Excuse me, Mr. Fortier and Mr. Picard. I think this might be a useful time to adjourn. I think our reporters might think that they are unserved areas. I promised them a break and I think perhaps they deserve it.

I think we will now, with your forbearance, adjourn for 10 minutes and we will reconvene at 11.50.

—Short recess.

**The Chairman:** Honourable Senators, if I may call the session back to order. May I say for the benefit of Senators and others it

would be my intention that we use the balance of the morning, if this would meet everybody's approval, to deal with other than programming matters. I know many of the Senators have questions on programming. Certainly I do.

Perhaps we could confine ourselves to other matters and heaven knows there are many of them and then we could proceed this afternoon and turn more directly to the question of programming.

I think this would be a sensible arrangement.

It is my understanding that Mr. Picard wishes to make a brief statement.

**Mr. Picard:** I would like to clarify three points, Mr. Chairman.

One is that on page 95, this is for Senator Beaubien, the interest is not there but this is just a series of statistics on page 95 of our Annual Report.

The statement of operations is on page 90 and 91 with the source of funds and all that so page 95 does not give all the expenses. It gives a series of statistics.

**Senator Beaubien:** Yes.

**Mr. Picard:** The second point I would like to make is I think I misunderstood a question about the \$4 million. I do not know if the real meaning of the question is that, but the increase in costs for the Corporation is much over \$4 million. It is about \$12 million to \$15 million every year, depending on the kind of increase of services and new stations we buy every year.

It includes an increase in wages and salaries in the order of \$8 million to \$9 million every year, so it is much over the \$4 million about which we were talking.

**The Chairman:** Senator Beaubien, do you want to comment on that at all or have you any other questions in this area?

**Senator Beaubien:** Yes, I wanted to ask some questions. In talking about costs of your overseas broadcast—it is in here somewhere...

**Mr. Davidson:** Yes, international services, \$3.5 million.

**Senator Beaubien:** Mr. Davidson, of that, how much is the cost for the services to the armed forces?

**Mr. Davidson:** I think I am correct in stating, Senator Beaubien, that the services to the armed forces does not appear in this because it is fully reimbursed by the Department of National Defence.

There is a document in the material that we have supplied to the Committee in advance which indicates a total cost of supplying services to the armed forces overseas.

I could get that for you and present it this afternoon.

**Senator Beaubien:** Well, it is not in your budget.

**Mr. Davidson:** Well, I think we are fully reimbursed by National Defence for it.

**Senator Beaubien:** And as there are less soldiers overseas, they will require less service?

**Mr. Davidson:** Correct.

**Senator Beaubien:** On your \$3.5 million for the overseas services, exactly what do you do for overseas service?

**Mr. Davidson:** Well, our overseas service, as you may know, operates out of Montreal. We have a staff of persons there who are experts in different languages and they broadcast to some 26 different countries in Europe. Behind the Iron Curtain, in Africa and in Latin America.

I could give you the names of the countries that we reach and the languages that are used, if it would be of interest to you.

**Senator Beaubien:** Mr. Davidson, what is our aim? What do we do it for?

**Mr. Davidson:** Well, I feel the aim is the same essentially as that of all of the countries that engage in world wide broadcasting. We are trying to project an image of Canada abroad.

**Senator Beaubien:** Is it a sales effort, Mr. Davidson?

**Mr. Davidson:** Not a sales effort, no. An interpretation of Canada and things Canadian. There is a Canadian presence abroad. There are many Canadians travelling abroad. There is a great interest in immigration to Canada on the part of people from other countries.

I think our reason for having an external service at all is in some respects the same as our reason for having a foreign service.

We do want Canadians to be known by their works and by the kind of people they are. We want to project Canadian music abroad and the story of this country. And I think it is part of this that motivates us to maintain this international service.

It was, as you may know, Senator Beaubien, voted as a separate Parliamentary vote up until 1963-1969 because Parliament was in effect saying that in addition to the responsibility of the CBC to provide broadcasting services within Canada to Canadians, we do feel there is an importance for Canada to have a presence broad as represented by an international broadcasting service and that is the basic purpose of the IBS.

**Senator Beaubien:** Mr. Davidson, one of your big responsibilities is to serve the unserved, as you call it, areas and so on.

Of the 27 AM stations that you have, how many of them are right in the big centres?

**Mr. Davidson:** I would say we cover all of the major population centres, but you will notice, if you have that tabulation in front of you, Senator Beaubien, we have 175 auxiliary stations linked up to these 27; and where we will have a radio station in a given community, through the rebroadcaster that is attached to that radio station or through the low power relay transmitter, we will reach the outlying communities with the service that is provided in the city itself.

**Senator Beaubien:** I was wondering if you could not save a lot of money by closing up the stations where there is adequate coverage already?

**Mr. Davidson:** I would have to say to you, Senator Beaubien, that in terms of the kind of program service that we think we provide through the CBC radio, there is no other service in the metropolitan areas that has the same kind of service as the CBC radio service.

Most of the commercial radio stations, without reflecting upon the quality of their programming, conform to a certain pattern of program material. They rely upon phonograph records to a very large extent, on frequent news bulletins. They are geared to the local interest of the local population.

There is no radio station in the country that attempts to provide a national broadcasting service and the CBC has got this responsibility put on it by Parliament to provide a

national broadcasting service in which the regions of Canada are reflected one to the other.

You can listen to your local radio station. It may be the best station that you can pick. You can listen to your local radio station from morning till night and you will find its program material is either recordings or its non-recorded material is concentrated on matters of local interest. It doesn't pretend to provide anything in the way of a national broadcasting service or a service that reflects the different parts of Canada, one to the other.

I think that is a fair statement. I mean that not as a reflection on the local radio stations but their *raison d'être* is completely different from that of the CBC national broadcasting service.

**Senator Beaubien:** Would you say that your TV stations are in the same way different from the other?

**The Chairman:** Well, Mr. Davidson, just before you answer that, may I say on the radio programming, I have some questions I am going to put myself later on.

Senator Beaubien I have no objection to you putting the question you have but I think perhaps we can deal more with programming this afternoon. I think you have raised an interesting point and one which I would like to discuss but I think I will confine any observations or questions until this afternoon.

I am not ruling your question out of order. So please go ahead and answer it.

**Mr. Davidson:** Well, I think we would feel the same way about our television service. We have once again the responsibility to provide a national broadcasting service reflecting regional cross-fertilization.

It is true that the CTV Network takes on the dimensions of a national service in the English language but not in the French language.

Our position here is basically the same—that we cannot provide as locally an oriented service and we do not attempt to provide as locally an oriented service as most television broadcasters do; but we do provide a service which is distinctive and different in many respects, not all but in many respects, from that of the private television broadcaster.

**Senator Beaubien:** I was going to say in the United States they seem to get along very

well without a Federal authority getting into broadcasting. It seems hard to understand...

**Mr. Davidson:** In the United States they do?

**The Chairman:** No, I think what Senator Beaubien was saying is that there are private stations in Canada which are quite successful.

**Mr. Davidson:** Did I understand Senator Beaubien to say in the United States they get along...

**Senator Beaubien:** Well, they have not got a national broadcasting system.

**Mr. Davidson:** May I say something about that? If we had the power and resources in this country to provide such an overwhelming avalanche of Canadiana to the 200 million Americans, that we would not need to be worried about being drowned in the avalanche that comes across the border from the South.

You might say there is no need for doing anything but leaving it to the private broadcaster; but in a very real sense I believe that the Canadian Broadcasting Corporation is one of the buttresses, one of the...

**Senator Beaubien:** Bulwarks.

**Mr. Davidson:** Bulwarks of Canadianism in this country and with the greatest respect to the private commercial broadcasters, I do not think there would be much chance of avoiding a completely overwhelming domination of the Canadian airways by American program material, if it were left to the private commercial broadcasters.

I think there is evidence of that in the program mix that exists at the present time in the commercial field and in the private field. I will go on and say I think the CBC has gone too far in that direction itself. But, the proposed ruling of the CRTC about Canadian content and the different reaction of the CBC from the reaction of the private broadcasters, I think, tend to remind us that the CBC has done more in terms of Canadian content broadcasting in the past and it is in a better position to meet these more stringent requirements without disruption of their arrangements than are the private broadcasters of the country.

This is why the private broadcasters are so much more concerned about the 60 per cent proposal than is the CBC because the CBC comes very close to meeting it at the present time.



**The Chairman:** Again I have supplementary questions of that topic but I think I will perhaps hold them until this afternoon.

I do not want to prolong budgetary questions but earlier this morning, I was asking you about priorities, Mr. Davidson. Very often the Senators of this Committee lapse into representing their regional interests.

I would like to represent mine for a moment. I am from Toronto, as you may know. I have no objection to the Montreal consolidation. I think it is very essential. I also hasten to add that Mr. Hallman did not ask me to ask this question.

I must say, as a former broadcaster, and as someone who has spent most of my life in Toronto, and who is interested and knows a little bit about the CBC, I think your facilities there are just barely adequate; in fact I think some of the things are archaic.

The diffusion of facilities is a sight to behold. I hope I am not being parochial but when on earth are you going to do something about this diffusion and confusion in Toronto?

**Senator Beaubien:** Mr. Davidson gave us a hint, as soon as he gets through Montreal he will start on Toronto.

**The Chairman:** Well, I could comment on that.

**Senator McElman:** It is all a matter of priorities, Mr. Chairman.

**The Chairman:** No. My question is very serious, as I am sure you know.

**Mr. Davidson:** I just want to assure you, Senator Davey, that the Corporation management and the Board of the Corporation are actually very much concerned about the situation in Toronto.

They are also very much concerned about the consolidation requirements in a number of our regional centres, notably Vancouver and Halifax.

We will certainly not neglect any opportunity to press the needs of the Corporation in terms of a proper capital plant at the English network centre in Toronto and at these other locations I have mentioned just as soon as we can persuade the Parliament of Canada, and that includes the Senate as well as the House of Commons, that our needs do deserve recognition in terms of a greater measure of financial support than we are able to persuade them that we are entitled to at the present time.

Our real concern here—will you allow me to say this?

**The Chairman:** Of course.

**Mr. Davidson:** With great respect everybody's interested in hardware and everybody is interested in buildings and the needs of Toronto touch your heart in terms of the physical capacity.

We cannot have a building in Toronto, we cannot have a plant in Montreal, without having to incur the operating expenses of running that plant. When we are put in a position where on every cent we borrow we have got to pay 8 or 9 per cent interest and add that to our capital repayment schedule and add it to our operating budget, we have to know where we are going in terms of our ability to operate our Corporation successfully, as well as build the building.

I cannot give you a date as to when we are likely to be in a position to move in Toronto because I do not know what the future holds as far as our capital budget is concerned.

**The Chairman:** I take your point but surely would you not agree with me that there becomes a point when hardware does become a priority.

Have you ever been in Mr. Hallman's office?

**Mr. Davidson:** Yes, it is a very comfortable office.

**The Chairman:** He did not ask me to ask you that.

**Mr. Davidson:** Mid-Victorian in its atmosphere. I would not say it is consistent with Mr. Hallman's outlook on the broadcasting world but...

**The Chairman:** Well...

**Mr. Davidson:** Have you ever been in Vancouver where we are operating and we are producing some of the best dramatic programs that we have produced in many a long year in a studio and in a production plant which was an old garage; the ceiling is 12 feet above the floor and how you can produce television programs there, I do not know.

**The Chairman:** I have not been there, Mr. Davidson, but I have been in the Ottawa headquarters which I think are adequate.

**Mr. Davidson:** Well, I would be glad to move those some place else if you would like me to.

**The Chairman:** The point I am making—I agree with you completely—but I think the situation, and I do not want to labour it, in Toronto, which is a major production centre, is just atrocious.

**Mr. Davidson:** I agree.

**The Chairman:** Senator Beaubien, I interrupted you.

**Senator Beaubien:** No, go ahead.

**Mr. Fortier:** Mr. Davidson, you have spoken of two priorities; one an extension of service to blanket all of these areas where there is presently no service either in French or in English and also the material side of the CBC operations, the hardware.

Supposing Parliament, in its wisdom, decided that your grant would be increased by 100 million. What would be your immediate priorities?

**The Chairman:** Senator Beaubien just about had a seizure.

**Senator Beaubien:** I would drop dead.

**Mr. Davidson:** So would I, Senator Beaubien. I think that our first priority under our mandate is the extension of service, basic service to all the people of the country. This is a very expensive proposition.

I think our second is programming.

**Mr. Fortier:** Can you make a reasonable forecast as to when all the CBC services will be available to all Canadians or is that...

**Mr. Davidson:** I was going to say...

**Mr. Fortier:** ...Utopia.

**Mr. Davidson:** ...never because there will always be some pockets where there is no service. We have got it down, I think, to a respectably small proportion of the total population.

**Mr. Fortier:** But our national broadcasting service will never really be national?

**Dr. Davidson:** Well, when we get the domestic satellite, if you can get the domestic satellite up there with enough earth stations to be able to reach the outlying areas of the country and this is a big "if", you can expect theoretically to get 100 per cent coverage. But

the fact is that from the point where we are now, where we have got up to between 95 and 100 per cent coverage, the cost of reaching these marginal numbers of people who are beyond the reach of our television and radio signals now, this cost is fantastically high.

We made an estimate a few years ago of the cost of providing radio coverage to every community 500 and over in Canada and providing television coverage to every community 2,000 and over in Canada—this does not mean 100 per cent of the people—it was going to cost us an additional \$63 million three years ago to extend.

**Mr. Fortier:** A year.

**Dr. Davidson:** No, the capital to extend the capital plant through rebroadcasters and low power relay transmitters to cover these additional elements of our population.

We are continuing to do this through rebroadcasters and LPRT's and so on up to the present time but frankly we are barely keeping pace with the population growth. We may get an additional 15 or 20 new communities who have grown to their population size that puts them on our list for future coverage.

**Mr. Fortier:** Do you find there is a point of saturation in those towns where it reaches a certain population quantity-wise and then a local private broadcaster gets into the act.

**Mr. Davidson:** Not in the areas that are not covered now. The areas that are not covered now are the areas in the Northwest Territories—areas of 2000 or 3000 population for TV, 500 to 1500 for radio.

**Mr. Fortier:** You do not envisage there will ever be private broadcasters in those areas?

**Dr. Davidson:** We have encouraged through the Mid-Canada Development Foundation, private broadcasting to enter into big-brother arrangements with communities in the far North for the purpose of helping local communities in the far North that do not have radio services to establish a radio service other than the CBC service. I am glad to say one private station located in Toronto has started off by agreeing it will sponsor a local radio service in a community in the Northwest Territories.

**The Chairman:** Which station is that?

**Mr. Davidson:** CHUM.

**Mr. Fortier:** What about places like Churchill Falls, for example, which has expanded considerably in a very short period of time? I believe you have two stations now in Churchill Falls, one French and one English?

**Mr. Davidson:** We have an English frontier coverage package and a French frontier coverage package going in now. It has not opened yet, I do not think.

**Mr. David:** We have radio service in there and now we are starting to give service like on the Island of St. Pierre. There is another scheme with the frontier package in the small communities.

**Mr. Davidson:** You know what the frontier coverage package is?

**Mr. Fortier:** Yes, I do.

For example, let us take Churchill Falls. Do you not conceive that now that the taxpayer has effectively paid for the creation of the radio and television stations in a community such as this one, that the private broadcaster will come in?

**Mr. Davidson:** Churchill Falls may be a bad example because the population of Churchill Falls is projected to decline within a four or five year period once the major construction phase of the operation is complete.

**Mr. Fortier:** There is a great turnover also, of course.

**Mr. Davidson:** Yes.

The private broadcaster—and this is what he is in business for—will go into a community where he can make money.

**Mr. Fortier:** You do not think the CRTC should force him to go into communities where he will not necessarily make money?

**Mr. Davidson:** The CRTC has taken the position in terms of private network television, the CTV, that it has a responsibility to extend services into marginal communities which are not guaranteed in advance as being money-making centres.

**Mr. Fortier:** As in the New Brunswick decision of the CRTC.

**Mr. Davidson:** Well, I am not sure this is a deficit operation that they are engaging in there.

**Mr. Fortier:** What if the CTV should say "To heck with you, CRTC, we will not do it."

**Mr. Davidson:** Did you ask Mr. Juneau that question?

**Mr. Fortier:** Yes, we did.

**Mr. Davidson:** I will subscribe to his answer, whatever it is.

This is a very interesting question as to the extent to which the CRTC has the right to give any directions or orders to broadcasters, the CBC as well as private broadcasters, that they must build a station some place.

There is no question about their right to say we will not give you a licence to build there but the other question is whether the direction to add to a service is within the purview of the CRTC.

**Mr. Fortier:** Do you find as president of the Corporation you should not be the only broadcaster obliged to incur expenditures and that private broadcasters also should be obliged.

**Mr. Davidson:** Well, the CBC certainly thinks that private broadcasters have a public responsibility. They are licenced to exploit the Canadian airwaves, the airwaves, the law says and we all agree, belong to the people of Canada. They are not to be reserved for private exploitation and therefore the private broadcaster who receives a licence to operate, accepts an obligation and it is a matter of spelling out in detail what the extent and nature of that obligation is.

Certainly the obligation extends, in my opinion to serving the people of Canada and serving them in a way that is not solely and exclusively directed to gaining a profit.

**Mr. Fortier:** If you follow this reasoning to its logical end, I would think I would have to ask you, what you see as the main difference between the so-called private broadcasters using the public waves and the CBC also using the public waves?

**Mr. Davidson:** Well, I think the difference essentially is, even granted what I have just said, that the private broadcaster does have a responsibility and a public obligation to do something besides use the airwaves to make money.

I think it is still his basic objective in going into the business to make a profit and that is his prime objective. He will pursue that objective while, if he is a good broadcaster giving due consideration to obligations upon



him to serve the public in the process of making a profit.

Our position is exactly the reverse. We are in business primarily as a public service broadcasting organization. The making of a profit, while I am not saying it would not be important if it were within the realm of possibility, the commercial aspect of our operations are definitely secondary.

That is demonstrated by the fact that the Broadcasting Act says a great deal about service to the communities of Canada. It says a great deal about programming but it does not say one single word about the commercial operation of the Corporation.

**Mr. Fortier:** I was going to suggest to be fully consistent, should not the CBC have nothing to do at all with the commercialism, with the business aspect of running a radio or TV network?

**Mr. Davidson:** With the business of running it or with the commercial aspect of advertising?

**Mr. Fortier:** Of advertising, yes.

**Mr. Davidson:** Well, I would myself not wish to see the Corporation entirely remove itself from the commercial side of the operation partly because I think it helps to keep us in touch with the real world in a way we might not if we were off on cloud nine programming without any regard whatever to the community and to the practical tastes and interests of the community which we are supposed to be serving; but I think that Parliament has left it open to the Corporation to decide whether we are in the commercial field or whether we are not.

There is nothing in the Act says we must be or shall not be. What has driven us into the commercial field has been the sheer necessity of receiving additional funds to meet the obligations which we feel we have to meet; that, together with the advice that has been given to us from time to time by successive committees and Commissions of Inquiry like the Glassco Commission, the Fowler Commission; all of which have urged the CBC to get further into the business of commercial advertising than it is already.

When I go before the Treasury Board, instead of them complimenting us because we have raised \$40 million from commercial advertising, they say "Why aren't you raising 30 million?"

**Senator Beaubien:** Mr. Davidson, with this tremendous need for funds all the time, have you ever thought of recommending to the government that the reintroduce the licensing system for radio and TV?

**Mr. Davidson:** I have discussed this as recently as the last 48 hours with some of my colleagues in the Corporation.

This question arose when I was on my trip to Edmonton in the last two days.

I believe that it would be in effect turning the clock back, Senator Beaubien. The government's policy, as you know, was to have a licence back at the time when radio was the prime instrument of communication. Problems of enforcement were found to be very considerable there. There was a great deal of evasion as there is in the British experience at the present time and they rely upon a licence fee and my own personal view is that a licence fee is in order when you are providing through public means a service which is not made available to the vast majority of people in the community.

If only 50 per cent of Canada were being served by radio and television today, I would say there is a strong case for a licence fee to make certain that those people pay for the service, and the people who did not get the service would not have to pay for it.

**Senator Beaubien:** How much are you covering now, what percentage?

**Mr. Davidson:** We are covering 98 per cent in radio and 96 to 97 per cent in television.

Therefore, when you get to that degree of universality, when you get upwards of 6 million television sets in Canada in almost all Canadian homes and when you get more radios in Canada than there are people in Canada—There are more radios in Canada than there are people in this country right now.

**Senator Beaubien:** What about TV sets?

**Mr. Davidson:** Between 5½ and 6 million.

**Senator Beaubien:** TV sets?

**Mr. Davidson:** TV sets. The device of a licence becomes a little bit contrived and artificial, it seems to me, under those circumstances.

**Senator Beaubien:** When the radio licence was abolished, of course, the cost to the public of the Corporation was comparatively

nothing but now, as you have pointed out, you could make a very good case for spending a lot more money. When you see we are paying the highest taxes in North America now, before any increases, and that your costs are going to go up, it would seem to me that those who use it should pay a small fee.

**Mr. Davidson:** Well, those that use it are paying for it now. All the people of Canada are using it, except for the one or two per cent, and all the people of Canada are paying for it.

Now, I think there are one or two percentages of the people of Canada who would be justified in saying "We should not be paying for this through taxes because we are not getting any service."

**Senator Beaubien:** They are probably not paying any taxes either.

**Mr. Davidson:** That is another question.

**The Chairman:** I have an editorial here somewhere from the *Toronto Star* on this question of advertising in the Corporation and it takes the position that the CBC should cease and desist and get right out of the business of selling commercial advertising. I cannot put my hands on it.

**Mr. Fortier:** It is the last one.

**The Chairman:** Well, if it is I just could not see it, but I do not need to find it to ask the question. You said that various committees, commissions, the Fowler Commission and others, recommended to you that the CBC should be in the advertising business and when you go to Treasury Board they say "Why have you not sold more advertising?"

What kind of recommendation in this area would you hope this Committee may make? What kind of recommendation would you like to have? Would you like to have this Committee recommend that the CBC get out of commercial advertising or would you like to stay in? What is your own preference?

**Mr. Davidson:** My own preference is to remain in a limited way in the field of obtaining commercial advertising.

My personal belief is that we are excessively dependent upon commercial advertising now. It is showing signs of affecting the quality and nature of our programming in prime time.

**The Chairman:** Can you give us some examples of that?

**Mr. Davidson:** Well, I have seen some dramatic programs on the CBC in the English network in the last few months that were excellent programs that cost several tens of thousands of dollars to produce and I think were harmed by the fact we chopped them up and stuck a commercial in and interrupted the flow and the tension. I do not like to see that. I know why it has to be done.

**Senator Beaubien:** Is it necessary? I mean, could you not put the advertising on at each end?

**Mr. Davidson:** Well, your advertiser will not buy it on that basis. They object to what they call the cluster of the advertising.

**The Chairman:** Do you differentiate in this area of commercial broadcasting as between radio and television in terms of the CBC?

**Mr. Davidson:** Well, in radio—the commercial revenue we derive from radio is about \$2 million a year gross, and it represents such a small element in our total financial picture that I have raised, since I came to the CBC, the question as to whether or not we should not get out of advertising on radio even if we have to stay in on television.

Financial necessity keeps us in it in television. You cannot throw away \$30 million lightly. You cannot even throw away \$1 million lightly.

**The Chairman:** Could you comment on the adequacy of your advertising sales solicitation department.

**Mr. Davidson:** Well, I have to rely here on the advice of the officers of the Corporation who are directly responsible.

Mr. David and Mr. Hallman can give their own view of this.

I have to except the view and I do accept the view, that our sales force is competent, it is able, it is aggressive. We are getting complaints from the competition about the extent to which we are affecting their viability. They blame it on what they call our subsidized rates, which if of course an inaccurate way to describe it.

**The Chairman:** I wanted to ask you about that because this Committee has heard a great deal about this, in submission after submission after submission and as recently as yesterday when we had the weekly publishers. We had the magazine people a week or two ago.



Recurring in these briefs is this theme that the CBC is subsidized and it is unfair commercial competition to these various other media.

I wish you would expand upon your views in this area.

**Mr. Davidson:** Well, I would like very much to have all of the newspapers and the radio and television stations in Canada which compete with us for the advertising dollar get out of the business too.

You know, I would like to have the field all to myself because that would give me the whole pot of advertising money; and if that were the case, I could set my rates at any level I wanted to. I could make a mint of money. I would not have to worry about anything.

I do not blame the competition for saying they would like the CBC to get out of the advertising field and for using every complaint that they can use and every argument that they can use, which is that we are subsidized by the government, and saying this is unfair.

We are not subsidized by the government to provide advertising competition to the commercial stations or the newspapers. We are subsidized by the government to provide a public broadcasting service to the people of Canada. We are using advertising as a means of reducing the dead weight burden of the post to the people of Canada.

That is what we are doing. When we produce a program, which it is our responsibility to produce, a good dramatic program or a good dramatic hour, it costs us \$25,000 or 30,000 to produce or more than that sometimes, and we cannot go to an advertiser and ask him to pay the \$30,000 plus station and network charges for that program because he could not buy it at that price. He will buy an American network program that the private stations or ourselves are willing to supply him for a much lower price.

We therefore have to make up our minds. Are we going to continue to make the people of Canada bear the entire cost of that program or are we going to try to recover what we can recover and relieve to that extent, as much as is possible, the burden on the Canadian taxpayer.

We resort to this last device and we try to recover from the advertiser, to whom we sell that program, as much as we can get him to pay for it. What he will pay for it, he

measures in accordance with what he can buy another program for.

Therefore we have to sell to the Canadian advertiser expensive Canadian programs at about the same price he can buy a relatively inexpensive U.S. program for.

That is what governs our position and it is a distortion of the facts to interpret that as meaning we are subsidizing the Canadian advertiser.

The Canadian advertiser, it would be just as accurate to state, is subsidizing the Canadian taxpayer by taking that much of the burden of program production costs off the Canadian taxpayer's shoulders.

Now, neither one of those statements is an accurate presentation of the facts.

**The Chairman:** Yes, Mr. Picard.

**Mr. Picard:** Well, there are three minor points I would like to make. First of all there is the affiliate system—we are giving money to the affiliate when we get money from the advertiser—so if you are thinking of getting out of advertising, you are creating a problem for the affiliates which very often get the marginal income they need from CBC advertising.

**The Chairman:** Yes, but what proportion?

**Mr. Fortier:** What is the proportion they get?

**Mr. Picard:** It is \$5 million.

**Mr. Fortier:** What proportion of the advertising revenue is paid over to the affiliate stations?

**Mr. Picard:** \$5 million.

**Mr. Fortier:** Out of \$40 million?

**Mr. Picard:** Yes. That is the first point. The second one is...

**Senator McElman:** Is that radio and TV?

**Mr. Picard:** Yes, I think so.

**Senator Beaubien:** What are the affiliates?

**Mr. Picard:** The affiliates are stations which are not wholly owned by the CBC but are carrying part of our programs. They are mostly serving markets which are low density markets and not high density markets.

The second point I would like to make is that most stations who ask for a licence in the



past—this was true of the third network—always put it on the basis that when a new station comes on the market, it might slow down for a while the advertising that comes for other stations.

After awhile all stations go faster than in the past because of the effect of a new outlet for advertising, which tends to increase by that much the advertising revenue of the total group of stations there. So while on the one hand they come to the CRTC and say that, on the other hand they want to have the CBC out of advertising and I think this is a very strong contradiction.

The third point I would like to make is that the programs which cost more are Canadian programs. We have more Canadian programs than the private network. The programs which sell less are Canadian programs, so that inasmuch as we are making more Canadian programs, we are less of a competitor than the station which provides more American programs.

**Mr. Fortier:** Yes, but do you not direct advertising to the Canadian programs rather than the U.S. programs?

**Mr. Picard:** We try to direct it but it is harder to sell Canadian programs than American programs, so that you cannot pay for Canadian programs out of advertising.

**Senator Beaubien:** Mr. Chairman, I have an engagement I have to go to. Are we going to be much longer?

**The Chairman:** Yes. I would like to sit until one o'clock, Senator Beaubien, if we can. We are not going to sit this evening.

**Senator Beaubien:** No, but we are sitting at two o'clock.

**The Chairman:** No, 2.30.  
Yes, Mr. Davidson.

**Mr. Davidson:** I was going to say that our experience in trying to sell Canadian and American programs drives us into a position where in selling we package two together so that if an advertiser wants to get a piece of the choice U.S. program, we may say to him "We can give you a piece of that choice U.S. program, if you will also buy a piece of a choice Canadian program."

**Mr. Fortier:** What if he says "No."

**Mr. Davidson:** He does not get the U.S. program.

**Mr. Fortier:** And you do not get his dollars?

**Mr. Davidson:** No, we do not get his dollars.

**Mr. Fortier:** And he does not get the advertising.

**Mr. Davidson:** No.

**Senator Beaubien:** May I ask a supplementary?

**The Chairman:** Yes, Senator Beaubien.

**Senator Beaubien:** Mr. Davidson, is there any reason why the Canadian programs would cost a lot more?

**Mr. Davidson:** Oh yes.

**Senator Beaubien:** Why would that be?

**Mr. Davidson:** Because you get an American program like, let us take, "Bonanza".

**Senator Beaubien:** You mean because it is sold on a big big market?

**Mr. Davidson:** Yes, they will spend \$200,000 on every episode of "Bonanza". Their costs are much higher than ours but they can spread the cost and when it comes to the Canadian market—I do not like to use the word "dumping" but they are dumping their U.S. programs into the Canadian market at prices that are far lower than what we can produce a comparable program for simply because they have got the distribution and the market and the volume and we have not.

**Senator Beaubien:** It is the same thing with *Life* and *Time*, of course. Every copy of *Time* would cost a tremendous amount of money but they sell it all over the world.

**Mr. Davidson:** That is correct.

**Senator McElman:** What about the rate Mr. Chairman? Are the rates you charge approximately parallel with what the CTV would be charging?

**Mr. Davidson:** We can argue about that endlessly, Senator McElman.

**Senator McElman:** I did not want to go into detail but in general terms.

**Mr. Davidson:** Well, if you look at what we sell a minute of advertising for, you will probably conclude that we were selling below CTV.

If you look at it in another context as to how many thousands of viewers you deliver, and we regard that as being a valid rate, our rates are comparable.

We keep them competitive.

**Senator McElman:** Then in this sense you would regard that instead of other media, when they talk about the advertising dollar, they should be talking, not about the CBC, but they should be talking about television as such as their competitor.

**Mr. Davidson:** Well, they cannot complain about CTV because CTV is in the money-making business. They operate a strictly commercial enterprise, the same as individual stations or the newspaper business; but CTV is not under the same obligation as we are to produce Canadian content program, in the volume we produce Canadian content programming, at the cost levels that we produce Canadian content programming.

With all respect to CTV, you do not see very many major productions of ballet or orchestral programming or drama, of heavy serious music. You do not see a great many of those on the CTV network. A limited number they produce. The amount of money they spend on Canadian talent compared to the amount of money that the CBC spends on Canadian talent, music, dancing, ballet and all the rest of it—I refrain from giving you his figures but there is a very real contrast between the amounts of money that are spent by the respective networks in this area.

**Senator McElman:** To take it another way, if I may. What is the total TV advertising dollar in Canada and what is the breakdown between the CBC? You get approximately 30 million from television.

**Mr. Davidson:** \$38 million gross of which a certain amount has to go to the advertising agencies and a certain amount has to go to affiliates so we get about \$28 million net.

**Senator Beaubien:** That is only \$41 million for the whole operation and only \$3 million for radio?

**Mr. Davidson:** Yes.

**The Chairman:** Yes.

**Mr. Davidson:** \$2 million for radio.

**Senator McElman:** I would like to get this breakdown if it is, in general terms, available, Mr. Chairman, because I think it will give us a much better picture.

**The Chairman:** I am sure we have it, Senator McElman.

**Senator Beaubien:** Is he talking of total radio advertising?

**The Chairman:** No, he is talking of total advertising and total expenditures.

**Senator McElman:** In view of all the testimony we have had, I think it would be useful on the record, Mr. Chairman, to have that.

**Mr. Davidson:** Have what, Senator McElman?

**Senator McElman:** The total TV advertising dollar in Canada and how much of this breaks out to CTV and how much to CBC?

**Senator Beaubien:** And radio too.

**Senator McElman:** I would like to stick to television.

**Senator Beaubien:** But radio is very important if you are only getting \$2 million.

**Mr. Davidson:** Well, I do not think we are in a position to give you the CTV figures. We may be able to give you from the Dominion Bureau of Statistics the total television advertising revenues and of that how much is CBC and how much is private but the private would include the CTV and a great many others as well.

**Senator McElman:** That is what I want.

**The Chairman:** I think we have some figures here. Perhaps Mr. Hallman or Mr. David could refer to them for us.

**Mr. David:** What is the basis? Vis-a-vis net advertising revenue, broadcasting industry CBC \$30 million, private \$180 million for a total of \$210 million.

[Translation]

**Mr. David:** It's on page 72 of our Annual Report Table 20. It states: "Net Advertising Revenue Broadcasting Industry: C.B.C., 30 and Private, 180, making a total of \$210,000,000."

**Senator Beaubien:** \$210,000,000?

**Mr. Fortier:** 15 per cent.

**Senator Beaubien:** And what about radio, have you any figures for radio?

**Mr. David:** It says "Broadcasting Industry" which means radio and television.

**Mr. Picard:** All the figures are in the D.B.S. Report.

[English]

**The Chairman:** Mr. Picard, the book is covering your microphone, I think.

**Mr. Picard:** I said in the publication of DBS, 56-204 Radio and Television Broadcasting, you have all this data separated from private and CBC.

**The Chairman:** I am sure we have that file in our office across the road but you would like to get it on the record now?

**Senator McElman:** Yes. I want it on the record because of the testimony that has gone on the record already and because I think it points out for us on the record where the real competition for the advertising dollar lies.

**The Chairman:** This may be the information you want, the growth rates.

Mr. Hallman has just pointed out to me that the CBC has gone from \$23 million to \$30 million from 1962 to 1968. Private television networks have gone in the same period from \$93 million in 1962 to \$180 million, and this is an estimate so it is a total of \$210 million.

Perhaps I could give you the figures for 1962 and for 1968 just for comparison. They have here in 1962 the CBC \$23 million, private \$93 million, all media \$641 million.

Then in 1968 the CBC is \$30 million, private is \$180 million and all media is \$978 million. That, of course, is now passed the billion dollars, as you know.

**Senator Beaubien:** What does "all media" cover?

**The Chairman:** That includes everything, newspaper, radio, magazine, bill boards, everything.

**Senator Beaubien:** But the radio figure is not separated anywhere?

**The Chairman:** We have that as well.

**Senator Beaubien:** That will be in there then?

**The Chairman:** Well, it is not in this report but we can get the radio figures for you.

**Senator Beaubien:** I think that would be very interesting to see, Mr. Chairman, to have the breakdown for radio.

**Mr. Picard:** Can I give you the figures for all private stations, \$93 million in 1968?

**The Chairman:** In radio?

**Mr. Picard:** In radio.

**Senator Beaubien:** How much?

**Mr. Picard:** \$93 million.

**Mr. Davidson:** Ours is \$2 million of that.

**Senator Beaubien:** Yours is \$2 million.

**Senator McElman:** So, Mr. Chairman, the growth pattern then from 1962 to 1968 shows that the public broadcaster the CBC has increased four fold while the private broadcasting revenue from advertising has increased six fold. That points up rather clearly...

**The Chairman:** No, I think you are wrong. Would you state your statistics again.

**Senator McElman:** I am sorry. The private was four times in 1962 what the public was and it has now become in 1968 six times the public.

**The Chairman:** That is correct.

**Senator McElman:** So that rather points up where the competition lies for the advertising dollar.

**Mr. Davidson:** When the weekly newspapers worry about our taking \$30 million of the advertising pool, one wonders why they do not worry even more about private broadcasting taking \$180 million.

**Senator McElman:** This is the hole in the testimony I wanted to get at. Your data it seems to me is accurate and that points up quite clearly what the situation is.

**The Chairman:** I wonder if I may ask Mr. Hallman a question which I think is related to this subject. Those people who think that the CBC should be in the advertising business—and we have had those before the Committee as well—tell us that your Commercial Acceptance Department, if I quote one of the people who stated this to us correctly, does its very best to make it impossible to buy time of CBC television and radio.



The example that was given, Mr. Hallman, was a radio example and it was some years ago—I should not say some years ago—certainly, as I understand it, it was within the time on the chart.

As I understand it it was a local advertiser in Toronto who purchased time and the announcement said that the TTC stopped in front of his particular establishment. The Commercial Acceptance rejected that and it had to come back to Ottawa for a ruling. There was a great long bureaucratic procedure and the copy was amended to read that "the streetcar stops in front of this establishment" and that was accepted.

Is this a real problem, and does it still exist?

**Mr. Hallman:** Well, I think we do regularly review our commercial acceptance policy. I think we should be very proud of the kinds of standards that Commercial Acceptance over the years has established, not only in the CBC but I think in a great degree throughout the broadcasting industry in this country.

I think there was a period perhaps when our standards were somewhat rigid, somewhat closed, but the case you cited, I think, Mr. Chairman, is an indication of the way in which piggy back riding of one advertiser on another is possible.

There are all sorts of commercial messages on television and on radio in which somebody will in fact plug another product.

**The Chairman:** That is hardly plugging another product. The TTC, you know, is the only streetcar service in Toronto.

**Mr. Hallman:** Yes, but the TTC also spends advertising dollars. It has to. It is a service that is selling its product to the public. It may be subsidized heavily but it also is, as any other enterprise, purchasing advertising space in every medium.

If we were to do this and somebody else did not, then we would be equally criticized for being unfair.

**The Chairman:** Do you not think that the *Toronto Star* would accept that ad, and do you not think that CFRB would accept that ad, and do you not think that CFTO would accept that ad, and do you not lose business because you did not accept that ad?

**Mr. Hallman:** I think this is a specific case in point. It may be true. I agree with the principle, on the other hand...

**The Chairman:** I agree.

**Mr. Hallman:** ...of maintaining the integrity of the advertiser where he spends his money for a particular message and no one should get a free ride on his back.

**Mr. Davidson:** You do not know how many times there is the temptation on the part of an advertiser to go to somebody who is appearing on the television screen, an announcer or commentator, and try to persuade him that if he were holding for example a package of the right kind of cigarettes in his hand—this was in the days when we accepted cigarette advertising—that this would be a very natural thing for him to be doing while he is making his announcement.

You get this back door approach to advertising.

**The Chairman:** It is called "payola" I think.

**Mr. Davidson:** It is a perfectly legitimate attempt on the part of the advertiser.

**The Chairman:** Does that still happen?

**Mr. Davidson:** There is nothing wrong with it if you can get away with it.

**The Chairman:** Where do you draw the line?

**Mr. Davidson:** This is exactly Mr. Hallman's point.

**The Chairman:** I heard on CBC radio, to which I listen quite regularly, Gerussi is doing a promotion of sorts with the Lloyd Percival Fitness Institute and the *Toronto Telegram*.

Well, the Lloyd Percival Fitness Institute and the *Toronto Telegram* are both in business just as the TTC is and probably more. I would agree there is so much judgment involved and perhaps I may seem critical. I am not being critical. It seems to me in your very ambivalence in your commercial business you are maybe getting the worst of both worlds.

**Mr. Hallman:** Well, I do not think we are as ambivalent as is being suggested by these examples, Mr. Chairman.

I think when we compete we are as aggressive as anyone else in the business. Certainly our affiliates keep us on our toes. We have got to maintain a flow of revenue to those who distribute the national service in those markets in which we do not operate stations.

I think that is something that tends to be forgotten sometimes. They take a great deal of national programming for which there is no advertising. Their only income from being part of the CBC network is really those sponsored programs or programs which accommodate advertising.

I think that is very critical and particularly in the minor markets. It is not so critical in the major urban areas but in these minor markets it is of major importance—at Swift Current or Medicine Hat or a small station—because the proportion of national advertising business he can get on his own is really very limited.

I think we have to be aggressive in this. I think our commercial acceptance policy is under constant review and we do not want to be either Victorian in our approach or purer than pure.

I think, as the President has said, there are bound to be people who want to come in with certain products and so on. We are not going to write off any policy that that is permissible. We try to monitor it and supervise it as much as is possible.

**The Chairman:** There is an evolutionary process in your commercial acceptance, is there not? There are *Pilots*, for example...

**Mr. Hallman:** Yes.

**The Chairman:** Which are now acceptable on CBC that were not last year or one year ago?

**Mr. Hallman:** Yes.

**Mr. Davidson:** Yes, definitely. I think Mr. Hallman would agree that the TTC example draws the line pretty fine in terms of this differentiation we try to make.

**The Chairman:** Well, the client was Woodbine Race Track and I think the people who go out there by streetcar do not really care how they get there, as long as they get there, but basically you do not think your Commercial Acceptance Department is a road block and that is what I wanted to find out.

Are there any other questions on this area, Mr. Fortier?

**Mr. Fortier:** Another aspect of the commercialization of the CBC, but one which has nothing to do with advertising, is in your program purchases. We have heard it suggested that you can compete unfairly with the CTV Network and the example which was

given was the program "Laugh-In". CTV first bought Laugh-In and when it proved to be a success then you went out a year or two later and outbid them. They said "That is the taxpayers' money and we could not do a thing about that."

What is your attitude about that? Do you feel that is exactly the sort of thing that the CBC should be doing? It should be able to outbid a private TV station in order to bring in an American program.

**Mr. Davidson:** Not irresponsibly, no, but where there are valid reasons for differentiation in the amount of the bid, there is a valid reason for doing so.

**Mr. Fortier:** What would be the valid reason?

**Mr. Davidson:** Private enterprise wants competition, does it not?

**Mr. Fortier:** That is what they keep saying?

**Mr. Davidson:** All right. When they get competition, sometimes they do not like it too much.

**Mr. Fortier:** Because they say it is private enterprise on the one hand and it is public funds on the other.

**Mr. Davidson:** In one case the CTV is buying the "Laugh-In" program as a sleeper, as an unknown program at the time.

When the time came for us to bid on it it was the number one program in the U.S.A. and it has a very high rating in Canada. Obviously that program is worth more when the second round of bidding comes along than the first round of bidding.

Number two: CTV is purchasing for showing over 14 stations. When we bid on a program we are purchasing it for showing on 11 English language television stations plus 20 affiliates. We are purchasing it for showing to a larger potential audience than CTV and that affects the price that we pay.

**The Chairman:** How much larger?

**Mr. Davidson:** Well, Murray Chercover and I disagree on this. We say it is about one third larger. Murray Chercover, I think, was not prepared to go beyond 18 per cent but anyway it is larger and this affects the price.

I would like to know what the CTV bid on that program when the second round of bidding came along.

And I will bet it was a good deal closer to the price that we finally paid for the program than the price they refer to as being the price they originally paid for it.

**The Chairman:** Mr. Hallman wants to comment on this, I think.

**Mr. Hallman:** I think there are two very important aspects to this and I think the President has indicated the basic situation. The CTV occasionally outbids us. I think that should be known right off the bat even on a much more limited basis of a market situation in which they are looking for a particular kind of program.

**The Chairman:** Would it be fair to ask you for an example of a program in which they outbid you?

**Mr. Hallman:** I would rather not.

I think this would be unfair to our colleagues in CTV.

**Mr. Fortier:** Perhaps the Chairman is thinking of football.

**Mr. Hallman:** Well, there was a program replacement in the last six weeks.

In addition to this I think the question has been raised in relation to our being in or out of the commercial business.

If we were out, we would still have to compete in the market for the best programs we can get for the audiences that are not served by any other broadcasting agency, and for us to reduce our competitive situation in respect to the 40-odd stations that we serve compared to 12 serving a more limited area...I think the BBC outbids ITA in the U.K. all the time. They have to. This is the nature of the enterprise that we are involved in and it is not purely a matter of commercial activities. It is serving the audience.

**Mr. Fortier:** Which would lead me to take the suggestion which has been made in some quarters that not only should the CBC withdraw from the commercial sector, both from the aspect of advertising and also the aspect of purchasing U.S. programs, but they should become exclusively an exhibitor of Canadian talent or a producer of Canadian programs exclusively.

**Mr. Hallman:** Well, I would think this would be a disaster for Canada. I think one of the major responsibilities and one of the major reasons for the Corporation in radio or in television is not simply to be Canadian. This

is its initial impetus but also it should record the best from the rest of the world.

If you determine that on a purely market basis, in which a program has to perform exclusively in the market place, in terms of earning advertising revenues, this would exclude very important kinds of services which we think the public, which is financing the Corporation, wants us to provide, whether it be Sir Kenneth Clark's Civilisation or the Forsythe Saga or programs of a major character which are not going to be attractive to advertisers; but they should be available to Canadians, and I think to make us exclusively and narrowly Canadian would really be detrimental to the services we should provide to the Canadian people.

The purely market broadcaster is naturally constrained by the market place, by having to show a profit. He has that as his primary obligation. Our job is to provide a varied and comprehensive service.

**The Chairman:** I think perhaps that may be a useful point at which we can adjourn although I will take your supplementary question, Senator Beaubien.

**Senator Beaubien:** Mr. Hallman, in getting a top rated American program, do you earn any money indirectly?

**Mr. Hallman:** Do we earn...?

**Senator Beaubien:** Does it earn you any money indirectly? Does it give you a better rating to the people who look at it?

**Mr. Hallman:** A major U.K. or U.S. program with which the advertiser is associated, pays for itself. The advertiser pays the full cost of the program. He pays for the time and micro-wave for distributing the program and showing it on all of the stations. Really the aggregate cost of a very large network like the Corporation in English means he has to pay a good deal.

**Senator Beaubien:** Then, Mr. Hallman, when you outbid the CTV on this program about which we were talking, you did not necessarily use any money?

**Mr. Hallman:** Oh no, not at all.

**Senator Beaubien:** Well, I just wondered.

**Mr. Davidson:** We made money.

**Senator Beaubien:** Well, that is what I hoped.



**The Chairman:** Perhaps, Mr. Davidson, it will comfort you over the noonhour break to know that you have made Senator Beaubien's lunch hour happier.

I am going to suggest that we adjourn now. We will be back at 2.30 and while we will tend to concentrate on programming or should I say focus on programming—do you wish to make a comment?

**Mr. Fraser:** Mr. Chairman, if you wanted those mail figures for any reason, we have them.

**The Chairman:** Do you want to read them?

**Mr. Fraser:** Yes. There are two types of mail. There is spontaneous mail and solicited mail. I assume from the conversation this morning the Senators were interested in spontaneous mail.

**The Chairman:** Yes.

**Mr. Fraser:** The English service in the 1968-1969 fiscal year received 29,140 and the French service 4,800 for a total of 33,940.

Solicited mail-English 42,350 and French 278,900 and that total would be something close to 325,000 roughly.

**Senator Beaubien:** 325,000 all told?

**Mr. Fraser:** That would be just solicited, Senator.

**Mr. Fortier:** Would you care to explain the discrepancy between the French solicited and the English solicited.

**Mr. Fraser:** Yes, it would depend on the type of program. There might have been contests and the solicited mail would include contests and thus the discrepancies.

**The Chairman:** Thank you, Mr. Fraser.

Now, this afternoon at 2.30 we will not necessarily be confined to programming but I think we might try to focus there.

The meeting is adjourned. Thank you.

Upon resuming at 2:30 p.m.

**The Chairman:** Honourable Senators and ladies and gentlemen, perhaps I could call the session to order, and I would be remiss, I think, if I didn't welcome Senator Quart back. She has been ill, and we are happy you are back. You are recovered, I hope?

**Senator Quart:** No, I have come to share my microbes; share and share alike!

**The Chairman:** To resume perhaps, Mr. Davidson, I could put a rather general question to you: I think it's rather germane to the work of the Committee, and I think it would be of great interest. I think it is fair to say, as a rule of thumb, that at great many Canadians seem to approve of the idea of public broadcasting in general and the CBC in particular. Perhaps instead of many Canadians, I could even say "most Canadians"; yet, at the same time, the CBC is the most unloved institution in the country.

Now, I am wondering, is there something more to this than the normal antagonism which pertains towards any government agency?

**Dr. George Davidson:** I think there is, Mr. Chairman. I was invited out to Vancouver on the 14th of February to speak on the subject, "Do Canadians Really Love the CBC?", and I took the liberty of changing the subject to another slightly related subject, and I spoke on "Does Any Canadian Really Love the CBC?" because there are times when, on the basis of the mail response, we begin to wonder if anybody listens to—feels kindly disposed to us.

I think there is some explanation for this. Mr. Chairman, arising from what it is that the CBC is endeavouring to do. The CBC is endeavouring to use basically a single channel of communication to fifteen, sixteen million English-speaking people in Canada all at the same time, and a single channel of communication to six million French-speaking people of Canada all at the same time. Those are people of diverse tastes, and diverse interests; and whereas if you were writing a letter to the individuals who make up the Canadian population, you could tailor your letter to the particular personality of the individual Canadian to whom you were writing, when you are broadcasting, you are broadcasting exactly the same programme fare at a given hour of the day to all of the people who happen to be tuned in to that particular programme. Now, our job, according to our mandate, is to provide a balanced fare of entertainment, information and enlightenment to Canadians of all ages, in all parts of Canada, representing different interests and you know how the wording of the Act requires us to do all of these things at the same time.

We have two options. One is to provide what I call "mass audience programming"—something that is reduced to the lowest common denominator of acceptability and

taste and is designed therefore to get by with pleasing the largest possible number of people. There is a certain sameness that develops from that programming approach.

The other programming approach—and the one which we adopt because we believe that it is our responsibility to follow this alternative course—is to programme a wide variety of programmes, most of which appeal to minority audiences. We may have a programme called “Action Set” on Saturday morning that is designed to appeal to the teenage group who are listening and if it appeals to the teenage groups, it’s almost certain that it will not appeal to the middle-aged and older group who are listening at this particular point in time. We will have a...

**The Chairman:** Am I middle-aged or old-aged?

**Mr. Davidson:** It is in the eye of the beholder!

**The Chairman:** I make the point simply to aver that I do listen to “Action Set” and as a matter of fact, last Saturday morning there was an interview on it about life in Northern Canada. That should be on the broad service; it was so interesting.

**Mr. Davidson:** Well, I am glad to hear it, but basically I think my point really still is that there are certain programmes which we aim at the younger people, and when those programmes are aimed at the younger people, the tendency is for the older listener to whom that programme is not being specifically directed to say, “Well, this doesn’t interest me. I will turn over to another station. Why is this on the air?”, and in the same way, you will get drama. A reference was made this morning by Senator Smith, I think it was, to the kinds of programmes we put out from time to time based upon the theme of the permissive society.

Some of our dramatic productions, I am sure some of the Senators will think, are pretty racy. They question whether we should be dealing with these kinds of subject matter. We are living, however, in a permissive society in which tastes and concepts of living standards and moral standards change. There is a substantial segment of the Canadian population that is interested in the kind of dramatic productions that some of us in this room would not approve of and would not, naturally, want to see. We try to provide a varied fare that will appeal at different times

to the different elements in our Canadian population.

We had a programme series last year called “Festival” and we received violent complaints from some segments of the Canadian community about certain of the programmes that we put on in that series on the grounds that they were off-colour; that they weren’t suitable family viewing, but in that same series, we had dramatic productions like “Reddick”, for example, which was the story in two parts of a clergyman and the effort he was making to deal with a hippie element in his particular parish. That was part of that total “Festival” series, and we tried to introduce into that “Festival” series a variety of different dramas, some of which would appeal to different segments of the population, others of which would be objected to as dull or even more than dull. We do the same thing with our Public Affairs programming.

**The Chairman:** Let’s for a moment stay with the permissive society. Your brief said at page 20 that the permissive society was not created by the mass media. Has the permissive society, on which, incidentally, I am not passing judgment at this point in time, but has the permissive society advanced because of the mass media; in other words, didn’t the CBC perhaps offer leadership in the permissive society?

**Mr. Davidson:** This is a matter of opinion, Mr. Chairman, in which everyone, I suppose, is the oracle. I would have to say that I do not believe that the CBC, or the broadcasters as a group, can be said to be leading the way in the development and the encouragement of the permissive society.

What we are doing is reflecting the facts of today’s living and world, and in doing that, we are reflecting the trend in the direction of the permissive society.

**The Chairman:** Where should the line be drawn?

**Mr. Davidson:** The line should not be drawn in terms of concealing from Canadians the facts of life and social change in Canada. I think that if I may say so, a great many of the complaints and criticisms that we get about the permissive society and about the unpalatable elements of Canadian life and society that we portray on the screen, come from people who wish that the trends that they see reflected in our programmes were



not developing in the direction in which they were developing. It is this, the wish that these things were not happening to our Canadian society that prompts individuals to say, "You shouldn't show that on the screen because it is not a good thing to encourage that sort of thinking or that sort of trend".

Very relatively seldom in this kind of argument, do you get the proposition that what we are showing is not, in fact, happening to our society. When we are showing something on the screen about the developments in the field of use of drugs, people don't complain about the fact that that isn't true, that that isn't happening—the people are saying, "You should really soft-pedal that. You should not show that it's happening to the extent that you show it's happening."

**The Chairman:** How quickly should you respond to what's happening? Let me be more specific. The best selling book in Canada not many weeks ago was, for example, "Portnoy's Complaint". It contains all the four-letter words. The movie, "I am Curious (Yellow)" was running certainly in Toronto and, I believe, presently in Ottawa, and yet I doubt if you would run the movie "I am Curious (Yellow)" on the CBC. Perhaps you would. But there is a line that's drawn, and I would like to know if you could tell us, Mr. Davidson, where you draw it. Where do you make that judgment?

**Mr. Davidson:** Well, it is a difficult if not an impossible question to answer. Obviously, you cannot be running at the head of every fad or trend that develops in our Canadian community.

There are a great many groups and individuals who pride themselves on being avant-garde and who want to beat the head of every parade in development. I don't think that this is the place for the Canadian Broadcasting Corporation to be in every instance.

I do not feel that the Canadian Broadcasting Corporation have to maintain pace with the essential developments of our Canadian society, and we have to rely upon the judgment of our programming people to maintain a balance between what are the elements of change in our social customs, in our attitudes, which should be reflected on the screens, and what are the peripheral extremist, avant-garde attitudes which do not represent mainstream development.

**The Chairman:** But presumably this is set against a background also of regional prob-

lems. We had the weekly newspaper editors yesterday, and I asked the publisher of the paper in Estevan if he had ever done in-depth articles on drug problems and he said, "Well, there isn't a drug problem in Estevan".

I am sure that the permissive society is more advanced in Toronto, for example, than—perhaps I am wrong—please correct me. It may be more advanced in Toronto than it is in Red Deer. That must be a problem for you.

**Mr. Davidson:** This is a very real problem, and I think this accounts for quite a lot of the criticism that we get about some of our dramatic productions, for example, where you are producing in Mr. Hallman's Toronto network centre a dramatic production which perhaps is not unacceptable, at least it's not going to raise a storm of protest from your Toronto viewing audiences, but because the Toronto viewing audiences among other things have a choice of channels, and if they turn on the CBC and they see something that they don't think is what they want to see, that they don't regard as being suitable for family showing, or it's not right for some other reason—they can at least turn their dial to another channel and get something that is more acceptable to them; but if you are out in Nokomis, Saskatchewan, it may very well be that the CBC is the only channel that you have got to watch, and you either watch what's coming over the CBC on Sunday night or Wednesday night or you don't watch anything at all. If what CBC happens to be broadcasting at that particular point in time is a programme that is more urban-centred or more sophisticated than that community is accustomed to seeing, and they regard as being good family viewing, they can't turn elsewhere for their entertainment, and they resent the fact that they have only one channel to watch. They have got to turn it off if they don't like it, and they are taxpayers like anybody else, and this is where we get a great deal of trouble.

**The Chairman:** Mr. Fortier, you have a supplementary?

**Mr. Yves Fortier:** Yes, Mr. Davidson, in the brief under the heading of "The Permissive Society", you raise a very important question, and I wonder if you have any study presently being made at the Corporation, that is, the extent to which the presence of a mass media particularly television, acts as a precipitant of these events themselves? Is there any study



being made at the CBC or on behalf of the CBC in this respect?

**Mr. Davidson:** I don't think I could honestly say that we are making a formal study, Mr. Fortier. What we are doing and have done for sometime—we have tried to gather together the experience and experiences of other broadcasting organizations, particularly networks on the U.S. side of the line which have had experience in this field. We know of certain situations—the Chicago situation is one—other situations at Columbia University present other examples. We have had some examples in Canada where there has been reason to believe that the presence of the visible, the large-scale television apparatus, has aggravated a situation, and we have, in some instance, deliberately played down our part in this situation by leaving our heavy equipment at home and sending out a single cameraman with a portable piece of equipment that is designed to attract as little attention as possible, and our cameraman arrives on the scene with his little visible equipment, trying to be as inconspicuous as possible. He finds all the rival television broadcasters there with their mobile vans, their floodlights, and sometimes you really wonder just what good it is unless there were a concerted approach to the problem.

**Mr. Fortier:** Yes. Has the CBC ever suggested a concerted approach to that problem with the independent networks?

**Mr. Davidson:** I can't say that we have, but I think we do appreciate that there is a problem here. We have tried in individual instances to do our part in playing it down, and haven't felt completely rewarded by the results of our experience.

**Mr. Fortier:** Are there any subjects which are considered to be taboo by the CBC? Let's speak of television first and then turn to radio.

**Mr. Davidson:** I would like to turn this one over to those who are closer to it.

**The Chairman:** Mr. Hallman?

**Mr. Hallman:** I think the traditional position has been that there are no taboo subjects. I think it's really the treatment that is the critical aspect of it. Anything that is unthinkable cannot be dealt with. If you think of anything, one really has to make a judgment then whether the treatment, verbally or visually, can be handled in an appropri-

ate manner; so, I don't think there are subjects which are taboo.

[Translation]

**Mr. Fortier:** Mr. David?

**Mr. David:** I should like to add something. Obviously we are talking about drama and there are plays that are, shall we say, daring, and of course, cause some shock to the sensitivity of a large part of the population. What we are mainly trying to do is to put on the schedule programs that might once again clash with people's feelings or else beliefs. A wide part of the population will be affected. So we're going to carry that on the schedule in the period, let's say, after 10 o'clock. We have seen, dramas that had been prepared for "Les Beaux Dimanches" and were to be shown around eight thirty, and then after going into the matter with the producer we decided to put on those programs at ten o'clock, or else some films. As you know, we have film programs at the end of the evening, while the President still puts up with them. At the end of the evening we show films with pretty special moral problems, and we play much more with the schedule than in a rigid value position.

**Mr. Fortier:** In this area of films have the views of the CBC changed? Have the morals of the CBC changed along with the malaises of the time?

**Mr. David:** Quite. I remember the time when there were problems with "Hiroshima, Mon Amour". A few years ago, we had to put that on at the very end of the evening. Now there is no longer any hesitation about a film like that. The CBC has been changing at the same time as society in the widest sense of the word.

**Mr. Fortier:** Has it been changing at the same time, as you are saying, or has it been changing ahead of society generally?

**Mr. David:** We can make the same distinction as a little while ago. In French Canada, we can be sure, the change is much faster in say, a city like Montreal than in the more remote regions, and it's more the change in Montreal that has inspired our action. And there again you sometimes have thing that would be acceptable in Montreal, and not elsewhere, and we do the best we can to find a balance among the changes in the various communities. It's quite certain now that television, according to the sociologists, doesn't create any values, but can speed up the process. It's a speed-up because you give them

a much bigger audience whereas formerly, it was received by a much smaller circle. It's not value creation but rather perhaps acceleration that takes place in a society.

**Mr. Fortier:** In your opinion, should government radio or television reflect this change?

**Mr. David:** Oh! sure, there's no doubt about it.

[Text]

**The Chairman:** I think Senator McElman has a supplementary.

**Senator McElman:** I want to go back from this item of discussion.

**The Chairman:** Mr. Fortier, do you have a further question on this same subject or another one?

**Mr. Fortier:** No, it is on the same subject, but I think I wish to direct it to Dr. Davidson.

**The Chairman:** Was yours on the same subject?

**Senator McElman:** No, I wish to backtrack to the previous question.

**The Chairman:** Well, why don't we finish this one and then we will backtrack.

Go ahead, Mr. Fortier.

**Mr. Fortier:** My question, Dr. Davidson, is whether in this respect, the national broadcasting system has a responsibility which is in any way different from that of the private broadcasters?

**Mr. Davidson:** I would say no. I would say that in both sectors of the broadcasting industry, we have essentially the same role, the same function, which is to reflect and keep pace with all of the significant elements that make up our Canadian social fabric. I would not feel that the public broadcasting system, merely because it derives its funds from public sources, is obliged to be more cautious or more timid in presenting the valid facts of social change than the private broadcasters.

I suspect, in fact, that there may be a tendency for the public broadcasting system to be a little less timid in presenting the realities of social change; perhaps because it doesn't have to be quite as concerned about the sensibilities of advertising as do the private broadcasters.

I am not sure that the private broadcasters would have presented a programme such as

"The Air of Death". It is hard to believe it now but you may recall the Corporation was severely castigated and criticised from numerous quarters for the terrible irresponsible job it did in presenting this programme, "The Air of Death".

I don't think anybody now is unaware of what the problem of pollution, air pollution, means, not just a few Canadians, but in all Canadian communities. I say that the CBC programming "The Air of Death" triggered off two or three years ago—and here is one place where perhaps we were in advance of public opinion—a great deal of what has now become the major concern of these people and governments in Canada with the problems of pollution of air and water.

**Mr. Fortier:** And you see this as, indeed, one of the essential roles of the national broadcasting system, do you not?

**Mr. Davidson:** I do, yes.

**The Chairman:** Was there a supplementary, Senator Beaubien?

**Senator Beaubien:** This is on what Dr. Davidson said. Surely there is a tremendous difference—Dr. Davidson—between playing up pollution and trying to have a control of pollution, which, of course, everybody knows is very bad for everybody, and putting on the air a whole lot of stuff about youngsters using narcotics; surely we are not talking about the same animal?

**Mr. Davidson:** We are not talking about the same animal at all, but this does not mean, Senator Beaubien, that if there does exist a problem of drug abuse among the young people in this country—surely it does not mean that the broadcasting agencies, public or private, have an obligation or are required to hush that up only because the facts are unpleasant to adult Canadians.

If there is a drug problem among young people in this country, the responsibility of the media, I maintain, is to reveal the existence of that problem so that the leaders of our country, the leaders of our governments, leaders of our professions, can then take action to cope with that problem; and it would be a disservice to our society to hush this up and sweep it under the rug merely because facing the facts is unpleasant.

**The Chairman:** Senator Quart?

**Senator Quart:** I would like to just say one thing more, Mr. Chairman. I think so much of

the adverse reaction we get to a broadcast programmes in this area, is not so much a protest that the facts are not basically correct, but rather it's an unwillingness to face the fact that that is a problem in our society.

**Senator McElman:** The complaint, Mr. Davidson, with the programme "The Air of Death", wasn't that you were doing this on pollution; the complaint was that there were many parts of the report which were, in truth, at variance with the facts. Isn't that what the complaint was?

**Mr. Davidson:** There was argument to that effect.

**Senator McElman:** But this is still to be decided, isn't it?

**Mr. Davidson:** Yes, I would be very much interested—I am waiting still—I don't know how long—for the report of the Canadian Radio and Television Commission.

**The Chairman:** Senator Quart?

**Senator Quart:** This is just going back about two minutes.

Dr. Davidson, you mentioned that you didn't think that the private stations had to be so cautious as the CBC.

**Mr. Davidson:** No.

**Senator Quart:** Or did you? I think I misunderstood that.

**Mr. Davidson:** I said I thought there was no real difference between our responsibilities.

**Senator Quart:** Oh!

**Mr. Davidson:** I said I thought that the CBC probably in these controversial areas was more venturesome.

**Senator Quart:** Venturesome—Oh, now, I can understand, and I am sorry for the misunderstanding. I know when we delved a few years ago through all this CBC business, that the private stations naturally had to consider their advertisers...

**Mr. Davidson:** Right.

**Senator Quart:** ...very much more, and therefore had to be more cautious.

**Mr. Davidson:** That's right. That's what I said.

**Senator Quart:** Thank you.

**The Chairman:** Senator McElman, we will go back to your questions, which I gather is not on permissiveness.

**Senator McElman:** No, I would like to go back to the line that Mr. Fortier developed earlier on and that is what part the TV camera plays in the development of events. I will refer to two instances. One took place last year at the University of New Brunswick in Fredericton where there was quite a bit of student unrest. I shan't go into the basis for it, but in the course of it, there was, for that campus, one giant parade, a demonstration, non-violent, with the carrying of a coffin and so on. It was the sort of demonstration which made for good TV tape, and to my recollection, the CBC crew came in from either Toronto or Montreal by air to cover it.

The demonstration had begun, and the leaders of the demonstration got up and said, "Pierre, let's stop here now. These people are good enough to come all the way here. They haven't arrived, they are good enough to come all the way here from Toronto or Montreal, whichever it was. We should have the decency to wait until they can cover us." This is one incident, obviously laid on in advance. The other, reportedly—I am sorry, I can't give you the name, but it is a person involved with the York University who has told me that he personally received information from some of the student leaders that they had been contacted by—I suppose they would be called "directors of programming", that at any time they were going to have a demonstration, if they could give them an hour's notice, they would have cameras on hand to cover it.

Now, I can only say about these incidents—one of them, the one at U.N.B. I know about. My son was not involved in the demonstration, but he was present when the comments were made, and the TV cameras came very quickly after.

**Mr. Davidson:** And they were from Toronto?

**Senator McElman:** It was from outside New Brunswick. The crew flew in. This is the information I have. If it's inaccurate, I would like to be corrected because it would ease my mind at least.

The other one I have from a person whose veracity I have never had reason to doubt in any degree, and he has told me this as his personal knowledge of the situation that did pertain just around a year ago at York. I



would take it you would be surprised if such things were happening?

**Mr. Davidson:** Yes, I would. I don't suggest that our people in some instances do not show unusual initiative in trying to reach out for a story, but I would like to be more certain than I am on the basis of what you have said to me, Senator McElman, that you have all of the facts of the story before concluding that that is in fact what happened.

I have had just as personal experiences, I can assure you, with very responsible individuals in government and out of government, phoning me and telling me that they have it from the most reliable sources in the world that we have sent a crew overseas to bring some character from a foreign country here to be shown on "Front Page Challenge", and what am I going to do about it. I have explored these stories, and I find that in a great many cases, the real facts of the story are so far from the story as given to me there is really no basis for establishing a position on it.

Now, I think, under certain circumstances, there would be justification for sending a camera crew into a community such as Fredericton, either from Halifax or some other available place, and don't think it necessarily condemns the camera crew because they come from Toronto. I say that in deference to the Chairman. We have no facilities in Fredericton for production. There are circumstances which would justify this but as long as our camera crew acted responsibly, I don't quite see what there would be to criticize.

Now, if they entered into a conspiracy with the leaders of the demonstration ahead of time to put up a synthetic demonstration and to hold off the demonstration until our camera crew arrives, that would be something else again.

**The Chairman:** What would you do if you found out that had happened?

**Mr. Davidson:** I would say to Hallman, "Don't let it happen again". What would you do, Gene?

**Mr. Hallman:** I would try.

**The Chairman:** Senator Kinneear?

**Senator Kinneear:** Yes, Mr. Chairman, I would like to ask Dr. Davidson: if there is a drug problem in Canada—surely they feel there is a drug problem because of the many times it's been shown in court cases across

Canada—I am wondering if he has considered a documentary on the treatment of the drug situation because I think it's advancing at a rapid rate.

**Mr. Davidson:** I wonder if I could turn this question back to the chiefs of the network who are in closer contact with the programming.

**The Chairman:** Mr. David, do you want to answer that first?

[Translation]

**Mr. David:** Yes, we had a "DOSSIER" programme on it last year, a one-hour program with psychiatrists, chemists, and psychologists, showing the content of the drugs and the danger of each. And we were also in a rehabilitation centre, and showed how to rehabilitate people addicted to drugs. But the acceptance by the public is so slow. I remember one example...on "Aujourd'hui", we had a former addict who had come to tell about his experience, and he complained and rightly so that there were not enough rehabilitation centres such as society had set up for alcoholics. There was an unbelievable number of telephone calls telling us that such subjects should not be dealt with on television, that it was an encouragement to the use of drugs. The television audience became so wrought up at that time about the subject that our intention was completely lost...our intention was precisely to show the kind of positive initiative that society ought to take. Anyway, I remember those two examples when we tried, not only to raise the problem, but to show the techniques for curing such diseases (because, after all, they are often diseases) and also the means society should take to allow that kind of therapy.

The French program, "Aujourd'hui", was broadcast over the three main stations, i.e. Ottawa, Montreal and Quebec, as well as Moncton. "Dossier" was broadcast over the full television network, i.e. from Winnipeg to Moncton, the network we have right now.

[Text]

**Senator Kinneear:** It was on in French thank you.

**The Chairman:** Perhaps Mr. Hallman can answer for you, Senator.

**Mr. Hallman:** Yes, I don't think we have done a documentary, Senator, but we have continuing reports both in news, national as well as regional and local, and also on programmes like "Weekend" and special programmes.

I think one of the most moving and distressing pieces was last fall in the late part of "Weekend" on a Sunday night. This was the question of "speed", not just marijuana, but amphetamines, and it was a pretty hair-raising kind of presentation. But its a continuing responsibility. We also provided the coverage of the Committee on Drug Abuse right across the country.

It is a question of how you treat it... whether a single documentary from time to time is the major question. We are in touch, certainly, with the new organizations set up by the pharmaceutical companies in Canada, and of course follow Mr. Munro's action in this field as well as the voluntary associations.

**The Chairman:** The programmes you are talking about, both of them, are programmes dealing with the extent of drug use, the treatment of drug use, the dimension of the problem and so on.

Have you done any programmes attempting to analyse why we have the problem? Have you tried to get behind the thing?

**Mr. Hallman:** Well, I think "Action Set"—I think probably from time to time has had the odd interview with young people about this and about why. It's not basically a sociological investigation. It's really a much more personal involvement, but of course there is a good deal of research being done in this. It's not very conclusive at the present time.

**The Chairman:** Well, I have a comment on that which perhaps I will make a little later on.

Could I return to the very first question I asked you about the CBC being unloved, and our answer, it seems to me, Mr. Davidson, was that because you were trying to do so many things and that obviously, when you have "Action Set" on, you are not going to appeal to the middle-aged senators, for example.

Therefore, let me turn very briefly to radio. I remember a speech I made on one occasion in which I used the example of 8.00 a.m. on radio when CFRB in Toronto, with Jack Dennett doing a newscast, has more audience at eight o'clock in the morning than all of the BC-owned and operated stations put together.

Now, I use this example for two reasons: number one, because I don't think that we can say that Dennett represents the lowest

common denominator of private news broadcasters. I think you will agree he is a good newscaster, and then I think you would also agree with me, as I am a regular listener to "The World at Eight,—I think it is perhaps the best radio newscast on the air.

Why is it at a time when a network has what I—and I might concede I am only one person—consider to be an excellent newscast, even though you are not up against the lowest common denominator. Why is it that the private stations give you such a lacing? Is there something psychological?

**Senator Beaubien:** Well, Mr. Davidson, before you answer that, is there any real way in which people can tell how many people are listening to one programme?

**The Chairman:** Oh, yes.

**Mr. Davidson:** We all subscribe to the same mythology; let's put it that way.

**The Chairman:** Would you deny the accuracy of the ratings?

**Mr. Davidson:** Well, I don't really know in the radio field, especially, that the rating system is capable of measuring, for example, the amount of listening while en route to and from the office in automobiles.

I believe that the rating system, and I am subject to correction in this, but my understanding is that the rating system, insofar as radio is concerned, is measuring the listening audience essentially in the home and that there has been no satisfactory method devised yet of measuring the extent of listening that goes on en route to and from work.

**Senator Beaubien:** Dr. Davidson—

**The Chairman:** Well, now, just a moment, Senator Beaubien. I am going to rule you out of order. Your questions really are supplementary. I have put the question, and I think Dr. Davidson should answer it and then we can come to the question of radio ratings. I say that with the greatest of respect.

**Mr. Davidson:** I was going to suggest that I think this is partly the factor of what goes on the radio station before and after, let's say, "The World at Eight" or the Jack Dennett news broadcasts. There are habit patterns established and the tendency is when you turn on a station especially in radio, to turn it on and leave it on because it's your kind of a



station; and if you are interested in local happenings and there are certain kinds of programmes that attract you, like light music, rock and roll music or any other kind of programming, you tend to turn on your favorite station and listen to it. In the process, you get some of the programmes that you might not have turned it on for.

Now, unless the CBC can programme to appeal to the local audience—it's up against the local radio station in many instances; it's a national broadcasting service competing with a local service—and unless we can programme in such a way as to get and hold that local audience in competition with programmes of pure local interest, people are not going to turn on the CBC just at eight o'clock to listen to the "world at Eight" and then turn back to their favourite local radio station.

**The Chairman:** Well, I might.

**Mr. Davidson:** This is connected?

**The Chairman:** I am sure it is. I am interested, and of course I accept your answer, but I think I would be more impressed with it and it would have greater validity if the race was close, but it's not. You are not in the same ball park, and if I may use the example of Toronto, on CBL prior to the news at eight, you have Bruce Smith.

**Mr. Davidson:** Who's third in the disk jockey standing.

**The Chairman:** But who is an excellent disk jockey; so I don't think that answers it. You have a better sportscast on CBL in Toronto than on any of the private stations in the morning. I don't know, I think you are begging the issue, with great respect. I think there is something more.

**Mr. Davidson:** I am not begging it, I assure you. I may be groping, and I keep saying to my people, "Look, we have got the best radio programming to be found anywhere in Canada, but there is only one trouble with our radio programming; nobody listens to it."

**The Chairman:** May I, for the record, apologise. I don't think you were begging the issue. It was an unfortunate term. It was unfortunate terminology. I agree with you, you are groping. You haven't come up with the answer.

**Mr. Davidson:** No, the nearest I could come to an answer is that we are a national broadcasting service. There is no other radio sta-

tion in Canada doing anything else except essentially local broadcasting. How do you put a national broadcasting service into a dozen or fifty different communities across the country in a way that will compete in terms of audience attraction with the purely local programming that is being done in every one of those forty or fifty communities to attract people to it. Let me go on now. Here is an example. How many radio stations in Toronto have a helicopter going up and flying around the city and saying where the traffic jam is?

**The Chairman:** There is a whole air force up there.

**Mr. Davidson:** There is a whole air force up there. What are we going to do? Are we going to get fifty helicopters and send them up in every Canadian city across the country to provide local service?

**The Chairman:** I hope not.

**Mr. Davidson:** This is an extreme illustration.

I wouldn't do it even if you gave me the money, Senator Beaubien, and I know you won't give me the money, but this is an illustration of the real dilemma.

We have to provide a nation-wide service. When we provide a national news broadcast we can't have little local incidents. If we do have any, they always wind up being Toronto incidents, and everybody in Canada objects to reporting Toronto news into the alleged national news. But how do you bridge this gap unless you depart from your concept of national broadcasting service that is supposed to be reflecting the parts of Canada one to the other, in favour of another local news service with local weather, local news, reporting.

I am not detracting from the quality of the Jack Dennett broadcast. It's a good broadcast and it also goes beyond the limits of the Toronto scene. The people listen to Jack Dennett on the CFRB news because they identify with their local station as being the station that they listen to.

**The Chairman:** Well, please believe me, I don't want to spin this out endlessly, but just let me make one more point on it. I think it's terribly important in terms of CBC radio.

On CBL in Toronto in the morning, you get the local news at 7.30. You get so many local weather forecasts that you get sick of them. You get traffic reports not from helicopte-



but from the motor league; he is constantly in touch by telephone. You have reviews of local theatre happenings. You have a bucket of local information, and just as much as you get on any of the private stations, and yet I wonder if that's the answer that you have given. I wonder if Mr. Hallman can comment on that.

**Mr. Hallman:** I think the president has put his finger on the fact that we are trying as a network to provide a total service, regional, local and national—a very comprehensive system. What you have left out of your quotient, it seems to me, is that later in the morning you have national school broadcasts or Ontario school broadcasts. You have special programming for women and you have "Radio Noon" dealing with the farm urban community, all of which really provides a kind of service which is not purely local in character.

The other thing is that apart from not having all those 50 helicopters, we don't have the massive promotional budget that CFRB does. So, if we were to do this in every one of our markets, I am sure there could be some change, some increase, in the kinds of audiences we have for our existing services. Nevertheless, I think the character of the service tends to determine the audience it accumulates, and what we are trying to provide is the national experience for Canadians from Victoria to St. John's, Newfoundland, within the national service as well as having some local and regional relationships; but you will find things in our national service that do not commend themselves to somebody interested in the immediate local situation in his community. He is then a citizen of Canada, and then we hope that's part of this thing.

**The Chairman:** One other question, and we will leave it. Are the promotional budgets something to talk about? I do think that you do have a good promotional budget though you may devote it mostly to television, but that's another problem. Everything that you say, Gene—I take all of the points that you and the President make, except—the gap is so wide.

**Mr. Davidson:** Well, if you find the answer, will you tell us?

**Mr. Hallman:** Well, let me say this. The gap is wide, not only between CFRB which of course for many years has been the dominant station in Toronto; for many, many years it was a CBS affiliate. It has built a very good service. It's done a very good job in that

community, but it seems to me the gap is equally wide between ourselves and CFRB and all of the other private stations who are locally oriented. There is a very very major gap here.

**The Chairman:** If I may venture a private opinion, as a prelude to a question, and I am expressing not a Committee opinion but my own personal opinion, that CBC radio has been and is improving. Is that gap closing at all?

**Mr. Hallman:** Our audiences in Toronto and in the rest of the country—in Winnipeg, is moving ahead. Certainly Ottawa is moving ahead. I couldn't give you a comprehensive or a synoptic view of this thing, but gradually we are gaining. We have had new programmes in the last three or four years, and we have been, I think, innovative and inventive. Whatever promotional money we have had and opportunities we have had, we have tried to exploit fully. I think we are gaining audiences, but I think it's a relative situation. I don't think we are going to overtake CFRB.

**Mr. Davidson:** Can I try one other angle?

**The Chairman:** Oh, yes, go ahead.

**Mr. Davidson:** Radio, I think, in a great many situations is becoming background, subliminal. It's part of the environment in which a person is working, and this means that music rather than talk is what prompts you to turn on your radio, except for the news, perhaps.

There is a lot more music on the private stations and a lot more talk on the CBC stations. I think that, broadly speaking, is correct, and therefore the tendency will be to go to the music station which is a great embalm-er. It's a tranquilizer.

**Mr. Fortier:** There is no CBC sound in Canada.

**Mr. Davidson:** That is correct, only the sound of a lot of voices of a lot of people talking on our programmes.

**The Chairman:** Isn't there a trend to all-talk radio stations?

**Mr. Hallman:** Local.

**Mr. Davidson:** Not in Canada.

**The Chairman:** They are all local, are they?

**Mr. Hallman:** Pretty well, Philadelphia, the Group of Seven. The Westinghouse stations, I

think, has three in the States now that are purely news operations. They are news information operations, but they tend to derive from everywhere.

**Mr. Davidson:** It is going to be very interesting to see what the effect will be of this 30 per cent Canadian music rule that the CRTC is putting out. Is that going to have the effect of increasing the total amount of Canadian music or is it going to have the effect of reducing the total amount of music and increasing the amount of talk on the private stations simply because otherwise it will be impossible to meet the 30 per cent?

**Mr. Fortier:** What effect will it have on the CBC radio programming?

**Mr. Davidson:** We think we are in a better position to meet the 30 per cent requirement on CBC radio than most of the private stations will for two reasons. First of all, because we have a reasonably large amount of Canadian recorded music that we ourselves have developed over a period of time, and secondly, the very point I am making, that the total of our music in volume is already less than the private station because we have more talk programmes.

**The Chairman:** Do you have a supplementary, Senator McElman?

**Senator Beaubien:** I want to ask one supplementary too.

**The Chairman:** All right, Senators. We will go to Senator McElman and then to Senator Beaubien and then back to you, Mr. Fortier.

Senator McElman?

**Senator McElman:** Isn't it true, though, that in radio in particular that the CBC is trying to provide a real alternative to that subliminal music background we are getting so much from the multiplicity of private radio? If I could comment on it, there are still people who like to think and not just be entertained.

**The Chairman:** Even in Toronto!

**Mr. Davidson:** That's why we have such small audiences!

**Senator McElman:** I wasn't even going to refer to Toronto! I was going to refer more to the thinking community, such as Fredericton where CBZ is moving up definitely every week as I talk with people in the community. There is never a weekend goes by but some-

body says, "Were you in town? Did you listen to such and such a programme on CBZ?" It is meaningful. Is this not your purpose rather than to duplicate—It's not even entertainment. It's sort of a sedation.

**Mr. Davidson:** Well, I don't want to arrogate to ourselves, virtues which are not ours, but I think it is correct that we are trying to provide a radio fare which is distinctive and different from the radio fare provided by the commercial stations. Whether ours is a more thought-provoking fare than the private radio stations, I will leave it to others to say. We are not attempting, consciously, to duplicate the programming mix that you will find on your typical commercial radio station.

We are trying to do something different, and in doing something different, we are running up against this problem of how many people want to listen to something different, and do they want to listen to the something different we are providing in preference to listening to the private stations? The evidence, on the basis of the figures, is that the vast majority of people listen to the programme fare that is being put out by the private stations.

**Senator McElman:** I have another supplementary towards the solution of this purely Toronto programme that Senator Davey was talking about. Have you ever thought of hiring the fellow he talks about as a personality?

**The Chairman:** Do you know whom he means?

**Mr. Davidson:** Jack Dennett.

**The Chairman:** They wouldn't hire him. They rejected him in Edmonton at one time. This was long before your time, as I understand it. Is that an old wives' tale or is that true?

**Mr. Hallman:** I hope it's apocryphal. Almost everyone has wanted to or has worked for us.

**Senator McElman:** He is in the global village of Toronto. Now, would you consider hiring him there as a solution?

**Mr. Hallman:** We couldn't afford him.

**The Chairman:** Well, I appreciate that Senator McElman is being facetious. I therefore think it's important to put on the record that that is really not the problem.



**Mr. Hallman:** There's another important thing, I think. In news casting, we have tried to avoid the personalized presentation of news, and the style of many private stations, and certainly of CFRB with Gordon Sinclair, Jack Dennett and a whole lot of others, is that there is a very personal style. We have tried, and it is a matter of policy in the corporation to maintain as much as possible, a cool straight presentation of factual information in our news broadcasts, and therefore you don't have that kind of personal identification. Nevertheless, people like Earl Cameron over the years, or Davis at the present time—these people do become known nationally in a different way in the total Canadian community if not the specific individual.

**Senator McElman:** This is exactly the same kind of thing that Mr. Davidson and I were talking about.

**Mr. Hallman:** Yes.

**Senator McElman:** Could I go back one step further for a last supplementary?

**The Chairman:** Yes, you can. I would just like to put on the record and make sure you understand, I am not in any sense stating grievance with the CBC news programmes. On the contrary. I am wondering why more people don't listen. That's all I am saying.

**Senator McElman:** Reference was made a while ago to the permissive society and the permissive type of programming. I think we all agree that there are periods of the day when this permissive type of broadcasting is out, the children's hours, the family hours, where consciously CBC won't programme such material. This cuts us down to some pretty prime time viewing.

Now, do you believe that the ratio of, for want of a better name, "permissive programming" to the total availability in that prime time is similar to the ratio of permissiveness in society, or is it out of whack? Is there too much programming in ratio to the element of actual permissiveness in our society?

**Mr. Davidson:** Well, this is an opinion question, Senator McElman. On the basis of my own view and my own knowledge of what goes out over the CBC air in its prime time period, I do not think that the amount of permissive programming that we turn out in at period is out of line with the extent of permissiveness in society today. It may be out of line with the extent of permissiveness that

shows above the surface of society today, but if you get what I mean, there is a great deal more permissiveness in our Canadian society today, in my opinion, than most of us as older-than-average citizens are perhaps aware of; and I believe that the extent of our permissive programming is, on television, if anything, less than the level that the permissive society has reached.

**The Chairman:** I think Mr. Hallman wants to comment on this.

**Mr. Hallman:** I think really, in relative terms, it's a very small amount, but I don't think it can be measured in terms of quantity. It's in terms of impact.

If you take a look at our daytime prime time, the whole schedule, when you add up the school broadcasts, the children's broadcasts, whether they be "Friendly Giant", "Chez Hélène"—whether you go into "Hymn Sing"—whether you go into "Singalong Jubilee"—whether you go into the "Tommy Hunter Show", these are domestic productions, and in no sense can they be equated, in any way, with advocating the permissive society. I think if you then take a good many of the American programmes, which are basically entertainment in character, it's also not there, but if you have a programme, I think it is a society which is concerned...

**The Chairman:** It's not in "Laugh-In"?

**Mr. Hallman:** Well, to a degree.

**Mr. Davidson:** It's not in "Bonanza" or "Ed Sullivan".

**Mr. Hallman:** Or "Red Skelton", but what I am getting at is: this is a rather minor part of the schedule, but its impact is very high.

Take, for instance, the programme "Man Alive", which is a religious series. Since Vatican II, since the ecumenical movement, many of the issues now being dealt with, whether it is celibacy in the priesthood or whatever, tend to raise questions on the part of our public; but these are issues at the centre of the religious evolution and change, and we would be irresponsible not dealing with them. I wouldn't equate them, however, with any kind of pejorative use of our treatment of the permissive society. It seems to me it's a wholly responsible thing.

In programmes like the "Thursday Night" series, which tonight is being pre-empted for Mr. Benson's budget, we have scheduled a



major documentary on Germany, a major documentary on the west, and its concern.

I think it's a much smaller proportion of our total schedule than we tend to believe, but if we have, as we did this year, a thirteen-part series on male-female relationship, which was I think, very responsibly done, some people are concerned about these things.

I think that we have to make professional judgments as to the people we involve in terms of experts and the care with which it's presented, and I think there's far less of that.

In the dramas, very frequently this tends to be anxiety producing. If you do a Pinter play, well established in the field of the theatre, it will frequently evoke some anxiety, mainly because of the ambiguity or the kind of treatment we have of human relationships.

It's interesting to note, however, that they can do it far easier on the French network than they can on the English.

**Senator McElman:** What you're saying, Mr. Hallman—you mentioned the programme "Man Alive" which, from the feedback I get, was very well received, certainly in my community. Please don't judge it by the comment of another element in that community which categorized it outright as "CBC smut". That was not the community reaction.

**The Chairman:** What about radio? Can you answer the same question for radio?

**Mr. Hallman:** Well, I think radio has even a wider diversity, and I think because the medium has lower costs for a greater time and greater amounts of Canadian programming, we deal with a wider variety and more specialized subjects. We get protests in radio, of course, and we deal with many sensitive subjects in women's programmes. We deal with them in open-line programmes such as "Cross-Country Check-Up", whether they be political or social.

I think the feeling is that we are commending ourselves to more Canadians, not because of the subject matter, but the kind of vitality of the treatment of a lot of the subjects that now exist. With use of the theatre these days, with use of the cinema, we can hardly avoid dealing with some of the aspects of the so-called "permissive society".

**The Chairman:** I think perhaps we should return to Mr. Fortier. These were all supplementary questions. We apologize.

**Mr. Fortier:** Dr. Davidson, do you interpret your programming mandate insofar as radio is concerned any differently than you do your TV programming mandate?

**Mr. Davidson:** Not essentially, no—We do not, however, divide our radio programming and our TV programming into two watertight compartments. We think that the requirement to achieve balance in our programming applies to the corporate responsibility taken as a whole.

**Mr. Fortier:** The Act makes no distinction.

**Mr. Davidson:** The Act makes no distinction and, while, in fact, we will tend to look at our balance and variety in our French-language network programming, as a separate entity and try to achieve the responsibility placed upon us by the mandate in terms of French-language broadcasting taken by itself, and we will do the same in the English context, we do not feel that we are under an extra obligation to do that, and we do not make any essential distinction between radio and television in terms of...

**Mr. Fortier:** Television is a medium which lends itself more readily to competition from private broadcasters than radio?

**Mr. Davidson:** This is merely my opinion, but I would say no. I would say, in fact, that it may very well be the reverse that is the situation because radio involves much less in the way of a heavy investment of funds. Therefore it is easier to achieve the advantageous competitive position that the private commercial stations naturally seek to achieve with a relatively small expenditure of funds than it would be in the case of television.

In television, I think that the success of the private stations depends very heavily on the being able to purchase rather than produce programme material. This is certainly true of the individual stations, less so with the network.

**Mr. Fortier:** Do you foresee the day when the national broadcasting service will be concerned exclusively with television and not with radio?

**Mr. Davidson:** I would say no. I would say these are complementary, one to the other. They serve different purposes. They serve different tastes. They serve different groups of people at different times of the day, and I do not subscribe to the view that radio is

obsolete service that is gradually dying out and is going to be replaced by television when television reaches its full stage of maturity.

**Mr. Fortier:** Should the CRTC be concerned with cross-media ownership of electronic media... that is, having in mind the fact that the CBC has both, you know, a radio and a television network?

**Mr. Davidson:** Are you saying that they should be concerned with the fact that a television station may also own a radio station?

**Mr. Fortier:** Yes.

**Mr. Davidson:** We have indicated in our brief our basic position on this, that in theory an individual community, should not be in the hands of a single purveyor of news and information, and therefore, insofar as a single community is concerned, we see some theoretical argument against a monopoly position being established. A monopoly position does not mean, however, a position of ownership of a radio station and a television station.

It would be quite possible that the balance of information forces in a given community were great... There is no reason why in an individual community, an individual owner should not own a television and a radio station, in my opinion.

**Mr. Fortier:** Would that be all the more so in those communities where you are operating both a radio and a television station?

**Mr. Davidson:** I would think that where we are operating a radio and a television station, it is important that there be other sources of information and programming, both in radio and television, available to the public. It would not make a great deal of difference in my opinion, whether the rival radio and television station were owned separately or whether they were owned by one individual; but you do develop a point where perhaps the critical mass of multiple ownership of numerous radio and numerous television stations, particularly in communities that do not have access to other forms of information... this creates a problem.

**Mr. Fortier:** Ideally, do you feel that television and radio stations should be owned by people who live in the community where the programmes were being broadcast?

**Mr. Davidson:** In the Canadian community?

**Mr. Fortier:** No, in the local community.

**Mr. Davidson:** I think that all things being equal, it is desirable to have local ownership of your local radio and commercial television stations but I do not think that argument should be pushed too far because this really means that the smaller Canadian communities will not have the same opportunity to have a television station under first class competent management, guaranteed, assured to them, on the same basis as would be possible if the ownership were left to find its place in the Canadian community as a whole.

I think one can be much too narrow and parochial if one were to insist, for example, that every New Brunswick radio and television station were owned and operated by New Brunswickers. This leads them to the situation as they are today.

**Mr. Fortier:** Some people have come before the Committee and said exactly that.

**Senator Kinnear:** Dr. Davidson, are there many cases like that across Canada, television and radio owned by the same person in a local community?

**Mr. Davidson:** I would have to...

**The Chairman:** I think in fairness we, the Committee has the information. It's really not a question for this witness. It might be a better question to put tomorrow when the private broadcasters appear.

**Mr. Fortier:**

**Mr. Fortier:** If the concentration of ownership, as you make out in your brief, Dr. Davidson, if the trend is inevitable, would you recommend that the CRTC draw a line where this concentration should end?

**Mr. Davidson:** Well, it is very difficult to be arbitrary about this. I do not believe that there are any absolutes in this picture.

**Mr. Fortier:** Except the CBC.

**Mr. Davidson:** Yes, yes, and I think the judgment has to be on a pragmatic basis which the CRTC, with their knowledge of the local situation and what the alternatives are, will decide that it is tolerable or it is intolerable to allow further accretions to the growing empire of a particular broadcasting group.

I don't think there is any means on establishing a formula and saying, "You can't have



more than X radio stations", because you can have X radio stations with very little in the way of audience and very little in the way of impact; whereas, somebody with four or five—a smaller number of radio stations, could have much more impact.

**Mr. Fortier:** Has CBC television become better as a result of the advent of CTV and the CTV network?

**Mr. Davidson:** I would not be in a position to pronounce judgment on that.

**Mr. Fortier:** Maybe Mr. Hallman would care to comment?

**Mr. Hallman:** Do I have your permission?

**Mr. Fortier:** Bearing in mind the fact that it was there before you were, Dr. Davidson.

**Mr. Hallman:** I would say, not necessarily. I think the advent of competition tended to strengthen the competitive operation at the local level. I think, however, if you are as committed, as both the networks are in terms of the need to earn commercial revenue, there is a tendency to compete with programmes of the same kind.

Obviously, if one has to concern itself with the advertising delivery of audience, I think the indications could be that we have, instead of moving out of a period where we were basically a monopoly situation,—and then had to do all things for all Canadians in a variety of ways—that you narrow very critically the competitive areas of prime time in which you feel, because you have to earn revenue, you must compete against the opposition. This does not, in the broadcast media, tend to breed choice, it tends to narrow.

**Mr. Fortier:** Hasn't the opposition sort of set the rules of the game?

**Mr. Hallman:** Well, you know, one must always deal with competition.

**Mr. Fortier:** But it has, in fact, reached a point where now the main competitor, the CTV network, is writing the rules?

**Mr. Hallman:** No, not completely, no, this is not true, because our entire survival is not contingent upon commercial revenue. Obviously we will put on "Peter Grimes" as we did last night for two hours and a half. It happens that that's a very poor thing to compete with hockey on; nevertheless, it is a true choice.

**Mr. Davidson:** But basically I think the point is well taken, if I may interject, Mr. Fortier, that as a result of the coming into being of the CTV network and the direction that its programming has taken, we have had to adjust ourselves to that situation, and we are probably more American today in prime time than we would otherwise be because CTV exists.

I would like just to add one thing further. I wouldn't like to attribute all of the changes that have taken place in television programming in the last ten years to the advent of a competing private commercial network. There are a great many other factors that enter into the picture here too; for example, even if the CTV didn't exist, we would be facing the problem of cablevision and the influx of American programming that results from that, in the border stretches of Canada. There are many other factors as well as the competition provided by the construction of the private networks.

**Mr. Fortier:** And then the question, of course, which raises its ugly head is: What do Canadian viewers wish to see? I think—Have they not answered it in the gaining popularity of CTV Americanized programmes?

**Mr. Davidson:** Well, if you were to accept the evidence, simply based on the mass statistics, you would have to conclude that the Canadian public wants American entertainment programming in the ratio of the English-speaking sectors—that's an important exception, because the French-speaking population hasn't got the same dilemma, of course to face; but I think on the evidence you would have to say that the Canadian English speaking viewers certainly turn on the dial to American programming rather than they do to Canadian programming, certainly in your border areas where you have the access to the three American networks and where both CTV and CBC are having to make a choice in favour of the American programming.

**Mr. Fortier:** But in view of the mandate which...

**The Chairman:** I think Senator Petten has a supplementary question.

**Senator Petten:** I think you could call it supplementary, Mr. Chairman.

Dr. Davidson, in retrospect, do you think was a good decision to cancel out the "Dr. Messer Show"? It's on principle I am asking this. There was a great public outcry.



**Mr. Davidson:** Oh, yes, this is one way of testing whether people are watching our programmes or not. I don't know. I have said both things publicly.

**Mr. Fortier:** How come you have never been politicians?

**Mr. Davidson:** I don't know, I just feel, Senator Petten, that when you have a programme that has been on the air in one form or another 37 years, you are getting to the point, perhaps, where the law of diminishing returns is bound to set in.

Now, maybe we should have kept Don Messer on another ten years and made it 47 years instead of 37. I don't know, but you do reach a point where the law of diminishing returns sets in. When you stereotype your programme and you have to make your decision, at some point that you are going to make the switch. Just as the coach of the Montreal Canadiens hockey team—maybe he's kept his veterans on one year too long, Senator Beaubien. If you look at families today, you begin to ask yourself that question, and yet if he had scrapped some of his folk heroes who play for the Canadiens, there would be a holocaust in the hockey schedule.

**Senator Petten:** Have you ever had such a great public outcry about any programme that you have cancelled?

**Mr. Davidson:** Not in my two years. I expect that we will have. Give us time.

**Mr. Fortier:** Give us Seven Days!

**Mr. Davidson:** Give us a week or so.

**Mr. Hallman:** I think Senator Petten might be interested in an antecedent to that decision, Mr. President. We had for many years a programme called "Harmony Harbour" from Nova Scotia. I think some ten years ago I made the decision to cancel that, and there was a delegation from both Houses and all parties waiting on Mr. Dunton but I had prepared the ground because it was the first major network to go from Newfoundland called "Come All Ye Round", and I think really one should never—I think a lesson is to be learned—Never cancel a popular programme unless you have a better replacement.

**The Chairman:** Very good. Mr. Fortier?

**Mr. Fortier:** Dr. Davidson, you made the point earlier, or maybe you agreed with the

point which I was trying to make, and you made it much more eloquently than I did, that the CBC has had to face up to CTV competition, and in order to do it effectively, it has had to produce during prime time more of the same or more of CTV's fare.

How has this been possible or rather how has this been done in view of the Broadcasting Act which imposed on CBC that it be a predominantly Canadian service in content and in character? In other words, what I am trying to get at is, if it hadn't been for the CRTC, would you have raised the level of your Canadian content or would you just have gone along with trying to emulate the CTV people?

**Mr. Davidson:** I am not sure that I get the purport of your question. Let me try to answer it in this way.

**The Chairman:** Well, let's make sure you understand it first. I think you should rephrase it.

**Mr. Fortier:** I will re-phrase it.

I think you have admitted that CBC, at least insofar as prime time viewing is concerned, was trying to keep up with CTV, and in so doing showed an excessive amount of American programming.

Now, the CRTC has come along and has said, "There shall be a greater amount of Canadian content"—or at least the proposal has been made. My question is. If it had not been for the CRTC, were you going there?

**Mr. Davidson:** We had already made an announcement, Mr. Fortier, that we tended to increase the Canadian content of our prime time content next year by one and a half hours in any event; so, when you say, "Were we going there", the answer in that sense is, "Yes, we were going there".

**Mr. Fortier:** This announcement came after the first CRTC regulation two years ago on Canadian content.

**Mr. Davidson:** CRTC regulation two years ago?

**Mr. Fortier:** The first regulation on Canadian content—No, I am sorry, those were the TV regulations enacted by the BBG. I am sorry.

**Dr. Davidson:** No, I think our position is, has always been, that the BBG set a standard that we were required to meet. We have always substantially overmet that standard,

and the fact now that the CRTC has come along and said, "Not only must you achieve 60 per cent instead of 55 per cent throughout the broadcast day, but you must also achieve it in the prime time period, 6.30 p.m. to 11.30 p.m."

This is not going to have any serious effect on us, so far as we can see, in terms of the broadcast day taken as a whole. It is going to require us to stretch and make a further effort to achieve a 60 per cent objective in the 6.30 to 11.30 period.

Our best calculation shows us that the French network is already in excess of that figure, even in excess in the 6.30 to 11.30 period. It shows that the English network falls slightly below it by two or three percentage points. Part of that gap would in any event have been overcome by our addition of an hour and a half of prime time programming, which we announced our intention to develop before the CRTC regulation.

There may very well be an hour or an hour and a half—I don't know how much—more that we will have to contribute in order to reach this higher point. A great deal will depend, in my opinion, on what the ultimate definition of the CRTC is of "Canadian content programming" because they have undertaken to provide us with a new definition which will eliminate, from the definition of Canadian content, some of the items which are now admitted as Canadian content.

Mr. Picard reminds me that our intention, when we announced our additional programming, was to build that up by an additional hour and a half of Canadian content programming over a period of years so that the thing would accumulate rather than start at any one point in time.

**The Chairman:** A supplementary question.

I would like to read a quotation from Patrick Scott writing in the *Toronto Star*. I am wondering if this is true. It's directly on the subject. He said:

"Like the CRTC, the CBC has a mandate to preserve the Canadian cultural fabric, yet at this moment, it is purveying not only more American programming than it ever has before, but even more than its private competitors, most notably CTV."

Is that a true statement?

**Mr. Davidson:** When I saw this, I jumped about three feet off my chair and asked to have the facts brought before me. It is the

kind of a statement that you can make and you cannot challenge its accuracy because it only tells half the story.

It is true that it is purveying more American programming than its private competitors for the simple reason that it is purveying more programming of all kinds than its competitors.

The CTV, for example, total programme output, as I understand it correctly, amounts to 22 hours a week. It is providing that much in the way of service to the members of its group. Of that, if my recollection is correct, some 19 hours are American and three hours are Canadian. It is true that the CBC with its much larger volume of production is providing more American programming but also providing far more Canadian programming.

I got the figures out on this, and I can give them to you if you permit me to file them afterwards.

**The Chairman:** We would be grateful if you would.

**Mr. Davidson:** My recollection is that the ratio of Canadian to American programming is far higher in the CBC's case than the CTV case.

**The Chairman:** So, as you say, this is a half truth, in your opinion.

**Mr. Fortier:** Does it cost you more or less than CTV to produce a programme, Mr. Davidson?

**Mr. Davidson:** I don't know the answer to that because I don't know what CTV production costs are.

**Mr. Fortier:** Well, it has been said, and I am sure brought to your attention, that the costs for CBC producing a television programme were far in excess of those for CTV. You have never attempted to find out whether or not it was so?

**Mr. Davidson:** Well, first of all, we should know what we are comparing.

**Mr. Fortier:** Well, principally, public affairs programming.

**Mr. Davidson:** Well, I would not be prepared to dispute the statement that probably CTV public affairs programmes, as they put them on the air, cost less than our public affairs programmes.

**Mr. Fortier:** And yet according to some figures which have been communicated to me



bers of the Committee, some of their public affairs programmes are just as popular as CBC?

**Mr. Davidson:** That's probably correct, and I am sure that some of our low-cost programmes in CBC are just as popular as some of our high-cost programmes.

**Mr. Fortier:** Another statistic which has been bandied around is that if there is any event which is to be reported in Canada for television viewers, and which is covered by both CTV and CBC, CBC will usually despatch some ten or fifteen people; whereas CTV will only send five of their people.

**Mr. Davidson:** If you can give me an example of an important event where we sent only fifteen people, I would like to have it.

**Mr. Fortier:** Why are your production costs so high?

**Mr. Davidson:** Well, that's a question which begs the question. If you take, for example, the really big events where there is multiple coverage of a political convention, let's say—If you go into it, you will find that almost certainly the audio services of all of the broadcasters who are broadcasting that event, are provided by the CBC.

If you go back to the Liberal Convention here at the Coliseum in 1968, all of the audio services were provided by the CBC for everybody, free of charge, with no charges at all. Why? Because otherwise there would have been such utter chaos that you would have been working in a jungle of broadcast equipment and facilities.

Secondly, all of the lighting services for that Liberal Convention were provided at the expense of the CBC with a payment back to us by the CTV that represented a relatively small fraction of the cost of providing those lighting services.

Then you go beyond that, and you recognize that not only does the English network television have to cover that convention, the French network has to cover that convention. We had to cover it for radio as well as television in both French and English and I recited the catalogue of the services we provide. The International Service has to provide a service covering that convention and the result is we get sometimes a frightening number of CBC employees attending a convention that most people would regard in an over-simplified fashion as being capable of being covered by a relatively small number of people. It's the

complexity and the multiplicity of services that we have to render which certainly contributes to this.

Now, in addition to this, I think it's fair to say that the CBC, being an older organization, has had for years its employees organized into collective bargaining units. The problems of jurisdiction arise. The CTV has a much shorter record of involvement with the labour unions, and I think to some extent—I don't want to maximize this and I don't want to over-emphasize this, but to some extent, the rigidities that have developed into our structure and into our system as a result of a generation, now, of relations with our labour force in the collective bargaining context, this also adds something to the problem insofar as the provision of staff to cover an event is concerned.

**Mr. Fortier:** How many different unions are there in the CBC? Do you know offhand?

**Mr. Picard:** In terms of number, there are over three large unions. This is over 1500 people. But beside that, there is one, two, three, four, five, maybe, small unions.

**Mr. Fortier:** Are there economies which could be...

**Mr. Picard:** There is also the problem that the talent union—We have contracts with the different talent unions, but I am talking about the staff right now.

**Mr. Fortier:** Are you saying, though...

**Mr. Davidson:** Mr. Fortier, can I play this numbers game a bit further?

**Mr. Fortier:** Yes, please.

**Mr. Davidson:** When you hear it said that the CBC had, let's say, 375 people covering the Liberal Convention and CTV 75; I would like to put alongside of that the record of the Canada Games in Halifax last summer. We had 112 people covering the Canada Games. I wouldn't put on the record the number that CTV had covering that.

**The Chairman:** Why? Why wouldn't you put it on the record?

**Mr. Davidson:** I suggest that they didn't have anybody covering the Canada Games.

**The Chairman:** I think that should be on the record.

**Senator Beaubien:** What did they use?



**Mr. Davidson:** They used the news feeds and the material that came out, but the Canada Games were brought home to Canadians as a living part of our life and society in Canada because of the Canadian Broadcasting Corporation. The Canada Games would not have been communicated to the people of Canada...

**The Chairman:** Were they available to CTV? You didn't have an exclusive contract?

**Mr. Hallman:** No, we had them because we were covering the whole country and they had no particular interest, except for news.

**The Chairman:** Could they have covered them if they had wanted? Could you both have covered them? Was it that kind of a...

**Mr. Hallman:** Well, if they had wanted to—there were no rights involved.

**The Chairman:** That's the point I was making.

**Senator McElman:** You said they had no interest, Mr. Hallman, because of the geography or location or what?

**Mr. Hallman:** In terms of advertiser interest in the Canada Games, it's rather slight, as it is for most amateur sports in this country, and we felt we had an obligation because it was the first big summer games. We had already dealt with the winter games two years previously when they were in Quebec, but these are not programmes which are revenue-generating and that we would in any way recover costs.

**Senator Beaubien:** Mr. Hallman, did you get anything out of it? Did you get any revenue at all?

**Mr. Hallman:** No, I don't think we earned very much. I think, maybe, we had a bit of selective business but not much really.

**The Chairman:** Senators and ladies and gentlemen, I am going to suggest that this might be an opportunity to take a break.

May I say for the benefit of Senators that I have been informed that there will be royal assent at 5.45, which means that the Committee will adjourn at 5.45.

Also, you may be interested to know—I hope nobody will rush home, but an election has been called in Quebec for the 29th of April.

We will adjourn now for ten minutes.

(Short recess)

**The Chairman:** May I perhaps make clear again that it is now twenty after four, and we must adjourn at 5.45 for royal assent; so, I think perhaps people who are framing questions should be aware of that particular limitation.

**Mr. Fortier:**

**Mr. Fortier:** Mr. Davidson, we have dealt with the problem of Canadian content, and you have explained that you did not anticipate that there would be much of a problem with the English network, and you also underlined that it has not ever been a problem with the French network. I wonder if we could hear from one of your colleagues on what their problems may be, if that is not one of them?

**The Chairman:** Of the French network?

**Mr. Fortier:** Of the French network, yes.

**Mr. Davidson:** Well, I don't know that Mr. David is aware of what the problems are in the French network but I am prepared to give him a chance to speculate.

**The Chairman:** Perhaps Mr. Hallman would care to answer that question.

[Translation]

**Mr. David:** In Canadian content, we are certainly in a privileged situation because of the language barrier. Right from the start, especially at that time, before the business of dubbing American programs was developed, also before French-speaking television developed, we had to pretty well produce our own schedule. In 1956 and 1957, 80 per cent of the programs were produced in Montreal. At the present time, in the compulsory network periods, in the peak hours, we have 80 per cent Canadian content. Consequently, there's no problem. There was also a kind of convergence of the mandate, on the one hand, asking us for Canadian programs and on the other, those programs being the most popular. Among the seven most popular programs in Montreal, at the present time, of the CBC, there's only one that is a dubbed American program, and that is "Ma Sorcière bien-aimée", "Bewitched". All the others are mainly television dramas, like "Rue des Pignons", or "Les Belles Histoires". There are others: "Le Paradis Terrestre", the "Variétés", "Zoom" and "Les Couche-tards" programs. Consequently, there is no problem there.

The biggest need of the French network is, of course, for expansion, to get to serve all the French-speaking communities in the country as funds become available; that's our main problem. Also, American imports are counterbalanced for us by imports from French-speaking countries. We do a lot of joint production with Belgium, Switzerland and France. We also buy so many French and Swiss programs, that we now receive as many programs from French-speaking countries as from English-speaking countries, i.e. Great Britain and the United States.

**Mr. Fortier:** If one of the proposals of the CRTC goes through, these programs of French or Belgian origin won't count, isn't that right?

**Mr. David:** As 50 per cent Canadian.

**Mr. Fortier:** Is that going to create any problems for you?

**Mr. David:** No, not at all.

**Mr. Fortier:** What percentage of your programs is of French origin, other than Canadian?

**Mr. David:** We put on close to 20 hours from French-speaking countries, and from 18 to 20 hours from English-speaking countries, i.e. Great Britain or the United States. The rest is Canadian production, out of a schedule of close to 117 hours.

**Mr. Fortier:** You say that the dubbed American programs have not caught on as well as the original American programs. Are such programs shown in English over the Canadian network?

**Mr. David:** No. As you can see, our most popular programs are the programs that attract the most listeners. That is why the commercial impact doesn't at all present the same disadvantages as could appear, say, for the English network, because, since they are the most popular programs, they are the ones that draw the most sponsors. So all interests coincide: our obligations under the Act, the preferences of the audience, and the interests of the sponsors who turn to the preferred programs.

**Mr. Fortier:** Would you please sketch out for us, in a few minutes, a picture of the differences between the French network, on the one hand, and the English network on the other, from the point of view of programming, of production and of income?

**Mr. David:** From the point of view of production, there is, of course, one striking thing, and that is that we have developed a great deal from the point of view of drama. I think that television drama has always been a prominent feature of French network programming, because, once again, we couldn't directly import "Bonanza", "I Love Lucy" "Music Hall" and all those shows of that kind. You know there was a wonderful flourishing of Canadian song in French Canada (you have only to think of Vigneault, Ferland, Dor, Léveillé and all the others) so that our "Variétés" program could be supplied fairly easily with our own people. So I think the CBC was a great Canadian force behind the making of authors, actors and singers. In fact, that's the first feature.

We have also put a strong emphasis on children's programs. This, again, was because the O.R.T.F. (Radio-Television Network in France) wasn't producing any adventure programs at that time and adventures for children had to be created, since the time of "Radisson" and "D'Iberville", and so did all the others, like "La Boîte à Surprise". So necessity, after all, was for us also the mother of invention, in that case.

One of the problems, perhaps, is that we haven't thought enough about the French-speaking people in the other provinces, i.e. there are times when the French network is not taking sufficiently into account French groups in the other provinces. There are times when the French-Canadians in the other provinces complain that the network image is too Quebecish, and much more on television than on radio. On radio, we can have big contributions from stations like the ones in Ottawa, Moncton or Vancouver, because they have the means of production. In television, Toronto too, yes, we have programs coming from there, and if you listen to the network, you will see that every hour, the news comes from a different city such as Moncton, or Toronto, but it doesn't come from Vancouver because of the time difference. Yet, even Vancouver contributes to the network with a variety program like "Radio Transistor". So we have been able to create a network, truly not just a distribution network, but a radio production network.

In television, the only place we can draw on, if we come here, outside Quebec province, that has facilities is Ottawa. Moncton will soon have them, in the fall as a matter of fact. We can be fed directly from Moncton, and we can reverse the network (which is a



costly operation) but the fact remains that physically, at least, it will be feasible.

Now about income, you were talking about income, we were, of course, very hard hit by the coming of private enterprise in 1961. We lost a lot of our listeners at that time, but that situation is no longer true. The situation has been improving about a year and a half, and we have now been picking up listeners during the evening period. So that means that our commercial revenues have risen very appreciably since last year, and this year again there will be a very big jump in commercial revenue.

**Mr. Fortier:** That's just in competition with CFTM?

**Mr. David:** Yes.

**Mr. Fortier:** In purely Canadian programs?

**Mr. David:** Purely Canadian. They, too, have a very large proportion of Canadian programs, because they have the programs, once again, that the public enjoys very much. Consequently, we don't have that problem, of satisfying the taste of the listeners, since they are satisfied with Canadian programs, and that is, perhaps, contrary to the taste that English-Canadian listeners and television viewers may have.

**Mr. Fortier:** A little while back you mentioned that—and I recorded it right away—"necessity was the mother of invention". Now that it has become more necessary than it was, as far as the English network is concerned, do you think we are going to be witnesses to the same growth of English-Canadian talent?

**Mr. David:** On the English side?

**Mr. Fortier:** On the English side. I realize that I am asking you that question; however, I thought about it before doing so.

**Mr. David:** I don't know the extent of their talent, over there, to start with. It's hard for me to judge the situation in English Canada, and yet I think there is just as big a pool of talent there as there is in French Canada. However, I think there must be a much more pronounced cultural leadership in English Canada because the American attraction is so strong that leadership is clearly needed in the area of programming, i.e. very clear decisions to produce Canadian programming in order to succeed in countering the cultural invasion, which let's say, might be an American inva-

sion of the country. Now, I'm a very poor judge—I tell you that right away—to be expressing well-founded or serious opinions about it.

**Mr. Fortier:** You probably remember, in October, it was said—and in a very high place, by the Right Honourable Pierre Elliott Trudeau—that the CBC was "full of separatists," and that if it were necessary, he was going to lock the door, and throw away the key. Could you comment on the Prime Minister's statement?

**Mr. David:** I think the President did so at the time. In the first place, whether it's full of separatists, I don't know. I do know there are some there, as there are some everywhere in French Canada. Of course, it's an ideology which, as you know, is found in the intellectual and university circles. However, what concerns us isn't really whether people have opted for sovereignty, but whether they are doing their job, whether they are doing their job objectively, honestly, competently. There, I think, our record is good. I'm not saying that there aren't any mistakes, or at times, some clumsiness, but that is what we are concerned with, really, rather than the personal convictions of our staff. So we don't question people about their political opinions, but ask them to faithfully reflect the present reality of French Canada.

**Mr. Fortier:** Are you satisfied that they are doing that?

**Mr. David:** On the whole, yes.

[Text]

**Senator McElman:** Mr. David, in your structuring of a production unit like Moncton which is coming up, would you as a strong part of your consideration, take into account that it should be stocked with people whose background was New Brunswick rather than Quebec, in production and so on?

[Translation]

**Mr. David:** Of course. At the present time the Moncton radio station is run by, and in fact, employs only Canadians from New Brunswick that is, the station director, the program director, the producers. In some areas, perhaps news, recruiting may be more difficult, for example they have already seen journalists from Montreal. But on the whole we haven't been asked for personnel from Montreal. The situation in Moncton is much easier than, say, in Vancouver, when



we had to send in people from the East who had radio experience, and who had sufficient background to set up and run the station. But that's not the situation at all in Moncton, where we certainly expect there is going to be local recruiting of people from the area. As a matter of fact, we didn't have to send many people out there.

Even Toronto now, employs staff, who are people from the Niagara peninsula; in Edmonton, people from Edmonton; French-Canadians from Edmonton are in fact doing the organizing. We much prefer that, because they are far more sensitive to the realities of their own environment. They know the community better and consequently are better able to meet the expectations of their listeners and television viewers. However, it's not our intention at all to parachute Montrealers into Moncton unless, of course, there is a need for one position or another, but not at all intentionally as policy, for equipment and everything, for those stations.

[Text]

**Mr. Davidson:** Mr. Chairman, I might just add on the basis of the visit that we made to Edmonton last week, I was very favourably impressed with the fact that we have been able to staff our new television station in Edmonton very largely from persons of French-Canadian origin in the Northern Alberta area. I wouldn't want Senator McElman to think, however, that we are going to allow Moncton to become an exclusively New Brunswick preserve in terms of employment, because there are Canadians who live in other parts of the Maritimes. There are French-Canadians who have an equal claim to consideration and while, I think, our basic preference will be, as Raymond David has indicated—I wouldn't want it to be thought that we are going to draw this so rigidly that only Maritimers need apply. I say that as a Nova Scotian myself.

**Senator McElman:** One would appreciate, Dr. Davidson, that very understandable concern, that would not apply with technicians, et us say, where it would apply with editorial and news-collecting staff.

[Translation]

**Mr. Picard:** I'd like to answer Mr. Fortier's question. There are two differences: one that seems less important to me, right off, and the other one that is more important.

First, there's no French network like CTV. There are French stations, but no network.

It's good or it isn't good, considering the fact that there's one big market in French Canada, and that's Montreal, and there aren't any more. That's one point. Secondly, you were mentioning artists a little while ago, and there's another problem for English-language artists. It's that the American border is also much more wide open for work down there. There's competition not only for American programs for the Canadian public, but there's competition for artists to bring to English Canada. That isn't true for French-Canadian artists. So there's a second protection there, that doesn't exist in the English network. That perhaps puts the English network in a more precarious position.

[Text]

**Mr. Fortier:** Insofar as the selection of personnel is concerned, Dr. Davidson, Mr. David has given his reply. He has referred to your statement following the Prime Minister's address in Montreal when you were reported as having said, and I quote:

"It has never been and is not the practice of the CBC to investigate the political sympathies of people being hired".

You speak here of political sympathies of people being hired. What about the political philosophy, and when I ask the question, of course, I think, mainly of the mandate of the CBC which I find in the Broadcasting Act that the national broadcasting service should contribute to the development of national unity and provide for a continuing expression of Canadian identity. Can this truly and effectively be done by people whose philosophy is the breaking up of Canada, as you and I know it today?

**Mr. Davidson:** Well, if you had an overwhelming concentration of people whose philosophy and political objective was the breaking up of Canada as we know it today, of course, the answer is that it cannot be done; but this does not mean that in the case of an individual who may have an intellectual position in favour of separatism, for example, but who is a journalist of repute or an artist of repute, and is possessed of integrity in the performance of his professional function, this does not mean that he cannot be employed by the CBC, and I would say that his employment is not going to diminish the capacity of the CBC as a corporation to carry out its mandate.

**Mr. Fortier:** So, what you are looking for is the actual job that he does?

**Mr. Davidson:** We are looking for men and women of integrity who, regardless of their political colouration, recognize that they have a professional obligation to perform their professional functions for their employer in a manner that is consistent with the objectives of the employer as set out in the mandate.

Now, when the individual begins to let his political slant, political prejudices, his political inclinations, show and reflect themselves in his professional broadcasting function, it is at that point that the Corporation as the employer of that individual must become concerned. But the political convictions—I repeat, the individual political convictions of the individual employed at the Corporation, as long as there is no law of Canada making it a crime or an offence to profess his particular political beliefs, his political beliefs are and can be of no official concern to the Corporation. He can be Liberal, he can be a Conservative. He can be a Creditiste. He can be a Socialist. He can be a Separatist by political conviction.

It is only when he begins to reflect those political convictions and to exploit our airwaves to advance his political cause—It's at that point that we must draw the line.

**Senator Beaubien:** Have there been any cases of that, Dr. Davidson?

**Mr. Davidson:** We have had to relieve a number of individuals of their employment with us.

**The Chairman:** At earlier hearings, it has been stated by a number of people that the working press in Canada tends to have a small "I" liberal bias. Would you agree with that statement? Does it pertain to CBC? Would the working press at the CBC have a small "I" liberal bias?

**Mr. Davidson:** I don't know what I would feel that that was a generalization that you could apply across the board. I think that the working press has a healthy scepticism of all things related to the establishment, whatever that may be, but I can recall the CBC being under attack under all different administrations that we have had in this country, for being against the government, whatever government it might be from time to time, and on the basis of the...

**The Chairman:** It has also, incidentally, been argued it is the function of the working press to be against the government.

**Mr. Davidson:** Well, I think we come closer to fulfilling our mandate in that direction that we do in some other areas of our mandate that I could mention. It is the function of broadcasting organizations such as ours, I believe, to make people think, to provoke, within a degree, responsible controversy and argument about the public issues of the day, and you are certainly not going to do that typically if you become merely the pale shadow and echo of the government's policy on a wide variety of issues. We challenge in many cases the established position of government, both provincial and federal. This is a pretty hazardous thing to do, but it is part of our responsibility.

**The Chairman:** It says on page 8 of your brief, in the last paragraph:

"The Corporation would be failing in its duty if it were to favour certain options by giving them undue publicity or by eliminating contradictory opinions. As a news medium, the CBC cannot be a propaganda for any cause."

Not even for the cause of national unity?

**Mr. Davidson:** Oh, yes, by its mandate, it must operate in such a way as to strengthen national unity in this country.

**The Chairman:** Do you think it does?

**Mr. Davidson:** I think an argument could be made that we make a very significant contribution to the national unity in the non-political sense.

Too many people, if I may say so, with respect, tend to interpret the expression in the Broadcasting Act in the political sense. I think that we can produce evidence to show that in the cross-fertilization, that we provide through our programming, of the attitudes and the way of life and outlook of different people in different parts of the country, by our regional exchanges, by throwing light on the life and culture of Canadians living in all parts of this country, I think we are providing broadcast material and programming that does strengthen the fabric of our Canadian society.

**The Chairman:** Do you think that in your French service on television that you are—Perhaps I should put this to Mr. David.

Do you think that you are reflecting to the rest of Canada, let's say, the problems, for example, on the Prairies? Are you doing



better job of reflecting those problems to viewers in French Canada than are the daily newspapers in French Canada?

**Mr. Davidson:** This, I couldn't say with certainty.

**The Chairman:** I think I was going to ask Mr. David. I am interested in your comment—please go ahead.

**Dr. Davidson:** Well, I defer to Raymond.

[Translation]

**Mr. David:** At the present time, we have, in our secretariat, a comparison between our news and public affairs content and that of various papers, not only French-Canadian papers like "*Le Devoir*" or "*Le Soleil*" or "*La Presse*", but also Montreal English-language papers, and we also follow "*The Globe and Mail*" and other papers. We observe that there really are deficiencies in our information. What I mean is that the French network has also contributed a good deal to the knowledge of our country, and we have taken initiatives that perhaps went unnoticed. I'm thinking of a series like "*Vivre en ce Pays*", which consisted of 26 documentaries on Canada, in which we showed the physical, social and cultural features of all the provinces of Canada, and even the Yukon.

We had two summer series that we made, "*Ballades et Chansons*", that were actually bilingual programs and were shown on the English network. These programs were made by a Montreal producer; on the same program you had folk singers and chansonniers, and we went through the whole country from British Columbia to Newfoundland.

In our "Public Affairs" programs we regularly have contributions from other places. Once again, it's only lately that we've had correspondents outside the province of Quebec. For three years now, we've had a correspondent in Vancouver, one in Winnipeg, one in Toronto and one in Moncton. Since we've had these correspondents, no Legislative opening goes unnoticed, and the correspondents immediately send us their stories about the new legislation and the different problems.

We did documentaries, for example, on the growth of Toronto last year. We've tried other things, of course, but they didn't really satisfy anyone. We tried bilingual variety programs. But they didn't really stir up any interest on the English or the French side. I think we've shown a lot of initiative that can't, perhaps, be noticed right away, to

make the various regions of Canada known to French-Canadians. And besides, in a document that was recently appended to the brief, we see the various types of programs reflecting the rest of Canada on the French network.

[Text]

**The Chairman:** Mr. Davidson, do you have an attitude to programming on radio or television in third languages; that is, in the languages of the so-called "new Canadian community"?

**Mr. Davidson:** Yes, sir, we have first of all our official mandate to discharge, and that is to broadcast programmes in French and English, the two official languages of the country. That is the responsibility laid upon us by the Broadcasting Act itself. We must give absolute priority to that as an obligation.

We do broadcast, as you may be aware, in a good many other languages, not only in our International Service but in our Northern Service, for example. We broadcast in a good many of the native languages of the Indian and Eskimo population, and I see no reason in principle why the Canadian Broadcasting Corporation in its local programming, radio particularly, should not endeavour to meet some of the requirements and concerns of the ethnic groups in our large metropolitan areas.

Having said that, it becomes a matter of priority and a matter of the means to do this, and with the present obligations, we have first to meet our minimum statutory obligations in respect to the French and English languages. It can't be expected, I don't think, that in the near future we will do too much with respect to other languages.

**The Chairman:** Have you studied it at all?

**Mr. Davidson:** We have had programmes, actually.

**Mr. Hallman:** Well, we have. I think during the B and B Commission, we met with people in the research section working on this. Basically, although there is nothing which prevents us from this, most of the larger settlements of other languages are in the major urban areas, where frequently the private sector provides some opportunity and some access for services of that kind. I think the President indicated, in terms of the national services, these are basically French and English.

**The Chairman:** Thank you.

Mr. Fortier?



**Mr. Fortier:** Well, on that note, Dr. Davidson, you refer, of course, to the languages of the natives, the Eskimos and the Indians, and other languages in which you broadcast some of your programmes in the north.

Where in the Act do you find your mandate to broadcast in those languages as opposed, in other words, to broadcasting in Italian in Toronto?

**Mr. Davidson:** Oh, you must have misunderstood me. I do not find anything in the Act that requires us to broadcast in those languages, as such. The only reference to the languages in the Act is to the English and French languages, but I was merely saying that we do some broadcasting in these languages in addition to our broadcasting in French and English.

**Mr. Fortier:** And would it be in the same spirit that you would do some broadcasting, let us say, in Italian in Toronto or Greek in Montreal?

**Mr. Davidson:** I think in a slightly different context in two ways. It is more a part of the concept of regional programming than would be the attempt to broadcast Italian or German or a third language in a metropolitan area.

When you consider the fact that the majority of the population in the North West Territories are not white—they are Indian or Eskimos—they have their own languages—it becomes much more an indigenous part of the broadcast picture in those northern communities to have broadcasting by native personnel who speak the native languages, who write plays in the native languages. This is a much more authentic part of the life of that community than it would be to attempt Italian-language programmes, for example, in a city like Toronto or Montreal. So, I do make the distinction between that and I do consider that we have, perhaps, a particular obligation to the Indian and Eskimo population in the far north in the way of developing amongst them communication services and facilities, which does not apply, at least in my judgment, to quite the same degree to our ethnic groups in our large urban concentrations.

**Senator McElman:** When we had the Indian and Eskimo Association before us, Dr. Davidson, they suggested that quite aside from the north where you had the so-called "packages", that in other areas in Canada not in the far north, they have substantial congregations of Indian people and that CBC perhaps

should be doing something similar there. Is the cost prohibitive? As a matter of fact, we urged them to talk with you about this. Is the cost prohibitive where there are large concentrations of people?

**Mr. Davidson:** Well, there aren't all that large concentrations in any of the smaller settled parts of Canada that would make it easy to provide special programming. I think there has been some talk about northwestern Ontario where, of course, the numbers are substantial, but the concentration is so scattered that you have to develop almost a network to reach these scattered local communities.

**Senator McElman:** The Metis... Are there sufficient concentrations of size that this would be practical?

**Mr. Davidson:** On this I could not speak with authority. There are concentrations of five, six thousand, there is no question about that.

**The Chairman:** Mr. Hallman, did you want to say something on that?

**Mr. Hallman:** I think, yes, you may have been referring to television, sir, but in radio we have a weekly programme series on the network called "Indian Magazine". Its initial input was from the Northern Service but in order to provide an opportunity for the whole Indian Metis community to communicate among itself and with the rest of the community, it's now on the national radio network every week.

**Senator McElman:** The proposition here was similar to a northern package and would be operated by the native people themselves, let's say, a grouping of 5,000 Metis in specific area, that CBC would put in the package, and it would be operated by the Metis and be exclusive to their community. Have they approached you, may I ask?

**Mr. Davidson:** They have not approached us, not so far as I am aware, unless they may have had some conversations with Mr. Cowe of our Northern Service. There have been discussions, the Indian and Eskimo Association and some of their representatives have had some discussions with us on it. This, of course, raises some very particular questions as to whether the CBC should be responsible for the broadcasting or whether it should merely be the means by which broadcast-

facilities are put at the disposal of particular groups in the Canadian community for their use amongst themselves.

This introduces a quite different concept of the function of broadcasting. If you, for example, accept the proposition that a small radio network should be established to permit the Indian and Metis communities to communicate amongst themselves and to provide their own programming material and so on, you are in a sense isolating them to that degree from the mainstream of Canadian life as reflected in broadcasting function.

We are doing what Mr. Hallman says now, which does not meet the aspirations, I realize. We are providing as part of our total Canadian service some programming of special interest to this particular group of people, but if I understand it correctly, what they really want is something different from this. They really want to have their own miniature broadcasting network, with broadcasting facilities placed at their disposal for their use, and it would be very difficult to reconcile the obligations of the Canadian Broadcasting Corporation under the Broadcasting Act where it's directly responsible, under the terms of its licence, for everything that goes out over the air. It's difficult to reconcile that with a system of which the responsibility and authority to determine the broadcast content could be delegated completely to other groups in the community no matter who they might be.

We had this same problem, I might say, in the field of educational television, and we are facing some interesting situations here where we operate a station. We own the licence to the station. We are responsible to the CRTC, and under the law for every word that is said on that station. Then some provincial authority comes along and says, "Here we have a programme that we have produced ourselves. We would like you to find a half an hour on your station for us to put our programme on." Well, who is responsible for that programme, if there is any exception taken to the grounds that it breaks the law or contends against some particular canon and so on?

We feel that we must retain the responsibility for the programme content and we cannot do that if this system that you have referred to were to be adapted.

**Senator McElman:** Well, the concept that you suggested here—and I will leave it at that point—was not network, but that there

were localities where an individual package unit would serve a real purpose. We did refer them to you.

**The Chairman:** I wonder if I could turn to a somewhat different problem, and one which I wouldn't want the day to close without our referring to—particularly in view of a comment that you made earlier today.

I am wondering about the whole area of American influence as it relates to national unity, and more particularly to a comment you made earlier today when you said, referring to the Corporation, and I quote—I believe the quote is accurate and I hope I am not taking it out of context. We have moved—and I quote—"too far in that direction already". Could you comment on this, please?

**Mr. Davidson:** Well, I think that in a situation such as is facing Canada today, with the total volume of American content that Canadians expose themselves to, they do it themselves by choice. The total volume is impressive, and I think it poses certain threats, certain dangers to the survival of the Canadian culture.

When the Canadian Broadcasting Corporation was originally created, it was in a monopoly position. There was no other broadcasting to any great extent available. We had a mandate to provide a balanced fare of programming. Our interpretation, quite correctly, I think, of what was meant by "balanced", was not only balanced in terms of the different kinds of programmes, but also that there should be a fair balance of programmes from other countries. Therefore we included a reasonably large volume of American programming in that, but the American programming was a minority part of the total broadcast fare.

Then we move along, and we begin to get a multiplicity of private broadcasting outlets, and they bring in a substantial amount of American broadcasting, and I am not at all sure that the CBC at that point in time said, "Well, now, perhaps we had better review our concept of how much American programming we should be bringing in in order to achieve balance. Do we have a responsibility of achieving balance within our own programme schedules or do we have a responsibility for achieving overall balance, which might mean that we should be reducing our American content as American content becomes available from other sources?"



Then you move to stage three where with Cablevision, in some communities you have three full American networks coming into the community. What does this do to our concept of balance? If we continue with our original 1952 concept of balanced programming and say we must have a certain proportion of American programming to balance out our programme schedule, and if we add to that the three full-time American networks that come in by Cablevision, the result is to create an imbalance, and I believe that this is what has happened now.

I believe that Canadians are getting a disproportionately small amount of Canadian programming to balance off against the very rich variety of American programming that is available to them, and I think that this should require the Canadian Broadcasting Corporation to review the extent to which it is carrying American programming in its programme schedules, and this is what we are doing at the present time.

**The Chairman:** May I relate this question to the area of information and perhaps put a question to Mr. Nash who is here?

In the brief at page 34, you list the sources of information you subscribe to, "all the regular news agencies". Then you say:

"These include CP, Reuters, Associated Press, UPI, Agence France Presse, Visnews, and Telbec. An important source of news material for CBC English networks are the long-standing agreements with the two major U.S. networks, NBC and CBS, for access to material from their network news programmes."

Over the page you say quoting from page 35:

"The dangers inherent in over-dependence on American sources are obvious and must be offset".

Now, I have two questions for Mr. Nash. The first one is: To what extent when we watch CBC news and the CBC information programmes are we getting an Americanized version of what's happening, particularly in the world at large?

**Mr. Knowlton Nash, Director, Information Programmes, Canadian Broadcasting Corporation:** I would say, Mr. Chairman, that on an average national newscast, there might be one to two, sometimes a maximum of three, but more likely one to two of the international items, from American networks. The propor-

tion has been less in the last year than it was in previous years because we have had a greater accent on Canadian events this year.

**The Chairman:** In your opinion, is there a Canadian point of view to international news stories?

**Mr. Nash:** I would rather look at a summit conference through a pair of Canadian eyes than through a pair of British eyes or American eyes.

**The Chairman:** So, how do you meet that obvious desirable objective then?

**Mr. Nash:** By having correspondents.

**The Chairman:** Wherever possible... Would you say that the news and information service you operate is in any sense preoccupied with American affairs?

**Mr. Nash:** We have two correspondents in Washington. We have two in London, one in Paris, Moscow, Hong Kong. No, I wouldn't think it is preoccupied. There is obviously a great deal of interest in what is happening in the United States, and it's reflected in our national newscast. As I say, I think in the last year, the proportion of American news has gone down in the last year.

**The Chairman:** Yes, I may be putting the questions to the wrong person, and perhaps the President can redirect me. I do think I have the average Canadian's interest in what's happening in the United States, but it occurs to me in many programmes—and this is why I may be putting the question to the wrong person—but I think on so many of your programmes like "Weekend", the radio programmes like "Radio Free Friday", like the programme that's on Monday night, like the open-line programme on radio on Sunday night, Mrs. Shapiro's programme, or any number of TV documentaries—it seems to me, you are as pre-occupied with what's happening down there as what's happening up here. And I agree it's of impelling importance for us as Canadians, but I sometimes wonder if you don't tend to dwell overly on American things.

You can re-direct the question if you wish.

**Mr. Davidson:** Well, when you stand in the shadow of a giant, you become preoccupied with the shadow of the giant, if not with the giant himself, and I have offered the same criticism to the Corporation.



I will pay note in this tribute as saying that I cannot bring illustrations to mind from the last year, but I do remember expressing to Mr. Halman, in the 1968/69 programme year, my concern that so much of our so-called public affairs programmes were concerned with issues arising in the California hippy community. We had a group therapy programme involving some nudism in some California psychiatric group, and in public affairs, one would normally expect that one would be dealing with issues that are live, real issues in some community in Canada; so, I have expressed that same concern several times.

**Mr. Hallman:** I think I would just like to say that I think we are all acutely aware of how accessibility to material which is of dramatic interest and which originates in the United States, which has a kind of super-nationalism—it's not internationalism always. It's frequently a stronger nationalism, and I think there is a tendency sometimes for events in Watts or events in Columbia or events in the March on Washington take precedence over domestic events. That constantly has to be weighed.

I think on the other hand, this past year, with the development of "Thursday Night", and "Weekend", with "Man Alive", we have had a tendency to give really, I think, a major new thrust to the coverage of domestic affairs.

**The Chairman:** You know, I concede to a nationalistic bias, Mr. Hallman, but why on earth do we have to see an eclipse from Halifax on the CBC via CBS?

**Mr. Hallman:** Well, you know, it's a question of the financing involved in mounting a major pick-up of that kind in that particular location.

**The Chairman:** But surely—surely—okay, you have answered my question. I was disappointed. I agree that's a ridiculous kind of nationalism but I would have thought that we didn't have to have CBS covering the eclipse in Halifax.

**Senator McElman:** Mr. Chairman, at the same time, is what you are saying that if we are preoccupied with navels, they should be Canadian navels?

**The Chairman:** I don't think that's what I said, Senator McElman.

**Senator McElman:** That's a good point though.

**Mr. Hallman:** This is a very important point. I was interested in the newscast yesterday morning in which, I think, said that the wife of Jerry Rubin was coming up and being interviewed on a number of different stations, whether ours or elsewhere. The immediate identification by someone of "the Trinidad ten" with "the Chicago seven" is this curious way which Canadians tend to take even the analogies from American experience and apply them to the trials which are being completed. Now, this kind of easy thinking, I think, is something we have got to be always on guard against.

**The Chairman:** Supplementary question?

**Mr. Fortier:** Supplementary, if I may...

Mr. Nash—no, I guess it was Mr. Davidson who touched upon the public affairs programmes. It seems to me that ever since "This Hour Has Seven Days" has left the scene, the CBC has not yet, with all due respect to Mr. Nash—found the replacement which the Canadian viewer is looking for. I think it's fair to say that "Weekend" on Sunday is less than the success that you would wish it to be. We know what happened to it on Saturday.

Are you still, in fact, looking for a good, properly balanced Canadian-oriented public affairs programme for Sunday night, and if so—

**Mr. Davidson:** Are you describing "This Hour Has Seven Days" when you set up those specifications?

**Mr. Fortier:** This is a subjective definition.

**The Chairman:** Are you putting that to Mr. Nash or Mr. Davidson?

**Mr. Fortier:** I was looking at Mr. Nash because...

**The Chairman:** He was looking at Mr. Davidson.

**Mr. Fortier:** Mr. Davidson was looking at...

**Mr. Nash:** We are looking constantly for that kind of thing and hoping that these ingredients will be found in the "Weekend (Sunday)" programming and in the last five or six weeks, it has been found.

**Mr. Fortier:** Do you think that it can be done on "Weekend" as we know it now?

**Mr. Nash:** Yes, you were talking of a magazine type programme. When "Seven Days"

arrived on the scene, I suppose it was one of the first, if not the first magazine type of programme, and therefore it was new and fresh and different. Magazine programmes aren't now; they are being developed in other countries where they are relatively new. Within any magazine context—yes, you always are searching for better ideas to provide a programming impact.

**Mr. Davidson:** Well, I agree with what Knowlton says. I think it's quite proper to say that we have tried to establish a somewhat new pattern this year, not exactly the same pattern as "Seven Days" because "Seven Days" was still a public affairs programme; and the hard news was kept separate from the public affairs programming in those times.

This year, we tried to develop an approach which would enable us to bring together in the same programme the hard news elements and public affairs or general information programming.

That we have not achieved the perfect formula is, I think, obvious to all. We ourselves have not been fully satisfied with it. We have recognized this overtly in the decision to discontinue with the "Weekend" programming on Saturday night following the hockey game.

I believe, and I said this in Edmonton earlier this week, that we would be able to profit by our mistakes, to build on the experience we have gained in our first year with "Weekend", and that we can come closer to achieving the kind of objective you have set for the ideal information programme in next year's effort than we have been able to do this year.

**The Chairman:** I wonder if in this same area of information we could ask Mr. Nash to tell us who chooses the people we see every day on "Viewpoint" and listen to in the morning on "Preview Commentary"?

**Mr. Nash:** There is a producer in charge of that "Viewpoint".

**The Chairman:** In every region of the country? These are national, are they?

**Mr. Nash:** Yes.

**The Chairman:** I wish I had the quote, I am sorry, I haven't got it here. Senator O'Leary appeared before the Committee, and he had a comment on "Viewpoint", which I can recall, but couldn't articulate in the way that he did but, shall we say, that he was not favourably disposed towards those programmes. He felt they were very shallow and superficial, and

that's giving the programmes all the best of it, believe me!

Did you read that comment, Mr. Nash?

**Mr. Nash:** Yes, I did. I think the programme is designed to give a point of view of broad range of Canadians, whether they be professors or whether they be newsmen or newswomen in the country. It's their point of view, and I think it's a very valid programme because it's not a CBC point of view.

**The Chairman:** Does this person decide not only who will be on but what will be discussed?

**Mr. Nash:** Only in the sense of asking somebody to discuss the White Paper on Taxation or whatever they want to discuss.

**The Chairman:** Is there a great master scoreboard somewhere that says we have had this many people pro the White Paper and this many people against it?

**Mr. Nash:** We try to keep it balanced, indeed.

**The Chairman:** Is there a big score sheet somewhere?

**Mr. Nash:** I haven't seen a score sheet.

**Mr. Fortier:** Have you found any who were in favour?

**The Chairman:** There is a comment in the brief which interests me, and I think it's relevant at this particular point. It's a comment on this whole area of dissent. The comment as I recall, is to the effect that perhaps the Corporation tends to accentuate change at the expense of the status quo. Do you think you give adequate expression to the status quo?

**Mr. Nash:** To the status quo, yes, I think so. We do, I think, to my mind, but I think it may be true to a degree in the sense that the print media is much more establishment-oriented than television.

**The Chairman:** Which is?

**Mr. Nash:** The print media maybe.

**The Chairman:** More establishment-oriented?

**Mr. Nash:** Yes.

**The Chairman:** I am glad you made that observation because I didn't want to let that afternoon go by without asking Mr. Picard.



and you, Mr. Davidson, to make a general comment.

I am sure you will think this is an unfair question, but we would be interested in your very frank and very on-the-record comments on the daily newspapers in Canada. I am sure you read them. Could you make a comment on them?

**Senator McElman:** Mr. Chairman, to give them time to think about that, could I go back and ask a supplementary on a previous question?

**The Chairman:** Okay. Carry on.

**Senator McElman:** Does this same producer, Mr. Nash, pick the panels for the discussion type of programmes when politicians of all breeds are questioned?

**Mr. Nash:** No, no, this is a one-man job, the "Viewpoint" programme. The panel discussion if it's in "Weekend", that's the producer of the "Weekend" programme. If it was in the "Thursday Night" programme, then that is the responsibility of the producer of "Thursday Night". It varies within whatever programme context the debate is being carried.

**Senator McElman:** When Charlie Lynch was here, we were starting to move into this area. The Chairman very properly pulled me up, and we were getting into the questioning as to why,—not so much of late, I will say—but why for a long period it seemed to be the same faces appearing every time—the ones that Senator O'Leary referred to as "instant experts"—this sort of thing.

**Mr. Nash:** You mean the same faces, the same...

**Senator McElman:** Press gallery types.

**Mr. Nash:** The same press gallery types. Well, it depends. Not everybody wants to go on programmes and not everybody is good at what goes on programmes. Charlie Lynch happens to be rather good on programmes. He is in our new "Encounter" programme on Saturdays.

There is no particular reason for it other than a producer's judgment that this particular person or this group of persons has talent and we would like to have them on the programme.

**Senator McElman:** But it is not restricted to any small...

**Mr. Nash:** No, no.

**The Chairman:** I think Mr. Hallman wants to say something at this point.

**Mr. Hallman:** I think both the "Commentary" programme after "The World at Eight" News and "Viewpoint"—When Knowlton talks of a man being responsible for the organization of this, he has clearly a mandate to have regional expression across the country as well as from Ottawa, Montreal, New York and London. We endeavour, in a very systematic way, to reflect regional points of view as well as points of views from federal politics, national affairs. You will see frequently, I think, some of the best commentary on French Canada to the English community on "Viewpoint". Frequently there is one done from London, if something is of importance there, or from Washington. I think we have always tried not to make the same face coming up all the time but really, you take the risk with a journalist, we will say, or an academic from a university in Western Canada, because he will express a significant regional view. He may not be the most polished or professional broadcaster, but I think that is why it's a viewpoint. It is a personal view, an informed view, from his point of view, about something of interest to Canadians as a whole.

I think these two kinds of programmes are probably rare birds in broadcasting in North America and I feel they are very important in a country like Canada with the diversity of regional opinions.

**The Chairman:** What about the religious programmes? I don't mean religious programming, but religious commentary. You run several of those every day.

**Mr. Hallman:** Religious commentary—You mean "Assignment"?

**The Chairman:** No, I am referring to a programme which I hear sometimes at about ten after seven in the morning.

**Mr. Nash:** This would be under Brian Freeland and within the religious area.

**The Chairman:** Well, it's a local devotion which is usually a political diatribe. Is that the one?

**Mr. Hallman:** Well, they moved off from the purely devotional morning devotions programmes some years ago.



**The Chairman:** It is not a morning devotion by my standards. Sometimes, I may say, I get mad. That's probably good.

**Senator Beaubien:** We get one in Montreal on Channel 7.

**Mr. Hallman:** Well, we also have "Shop Talk", of course, on the English network, which is on the trade union community, as well.

**The Chairman:** Well, the point is, on "Shop Talk" and on the morning devotion, these people can talk about what they want, can they?

**Mr. Hallman:** Well, in the field of morning devotions, it is usually something related to the religious life.

**The Chairman:** Not in Toronto, I can assure you.

**Senator Beaubien:** It is a little sermon in Montreal.

[Translation]

**Mr. Fortier:** Mr. Thibault, we have heard Mr. Nash talk about his problems and ambitions. Can you tell us what you are doing in that respect at the CBC for public affairs, news, etc.?

**Mr. Thibault:** It can be compared fairly well with what the English network is doing. If we glance at the magazine type of programming, we have two big series, "Format 30" and "Format 60"; they can perhaps be compared to the Saturday and Sunday "Weekend" broadcasts on the English network. However, we don't have any programs of the "Viewpoint" type, but we have included them in our "Format 60" and "Format 30" programs.

**Mr. Fortier:** It certainly isn't material that you lack?

**Mr. Thibault:** No, I don't think that we are short on that score.

**Mr. Fortier:** I was reading an article here by Dominique Clift of Quebec, in the "*Montreal Star*":

Outside the Soviet Union, Quebec is the place where broadcasters on television are most hung up on politics. All day long there is an incredible number of people parading before microphones and cameras, giving their views on a variety of subjects, mostly Quebec and society...

Have you actually encountered that in Quebec?

**Mr. Thibault:** I think that if we take a look at all our programmes, of course—we should be thinking not just of news bulletins, we should be thinking of public affairs programmes, of all the information programs on the French network—we present some sixty hours of information in all areas each week, on the French network, on radio and television. I think that, when you count up all the politics in it, you realize that there isn't that kind of fairly large impact mentioned there. I'm saying this for our programs as a whole. Of course, if you concentrate on one program like "Format 30" or "Format 60", or information bulletins, certainly the so-called political news of the day looms pretty big.

**Mr. Fortier:** Is it your experience that French-Canadians do a lot more thinking about politics than English-Canadians?

**Mr. Thibault:** I couldn't say, but they do think a lot about politics.

[Text]

**Mr. Davidson:** What date is that, Mr. Fortier? May I refer to that?

**Mr. Fortier:** October 23rd, 1969, The *Montreal Star*.

**Mr. Davidson:** I hope we can live up to that.

**Senator McElman:** Dr. Davidson, some while ago you, on this same line, suggested that if, let's say, an interviewer's philosophy came through in his activities, you would be looking very carefully at him. Would you consider a reflection of his philosophy if in his interviewing he had a preponderance of people who were devoted to the separatist cause?

**Mr. Davidson:** This would depend, I think, senator McElman, on how critical an issue that issue was at that particular time.

If you have a very critical incident or an issue at any point in time, it is natural that you will have a tremendous number of people commenting on that or speaking around it or discussing it because it is a live subject of discussion; and I would expect that in a period when the issue of separatism in Quebec was a critical issue, at the very peak of the controversy over separatism, that you would have much more of a concentration of time and commentary on that issue than you would at some subsequent point in time.

I think it is probably fair to say that Mr. René Levesque appeared more frequently on the French television a few years ago at the time of his conversion to the separatist cause, at the time of the creation of the Parti Québécois, than has been the case in more recent months and years, when René Levesque and the Parti Québécois had been accepted as a part of the political scene in the Province of Quebec, at least as I look at television and see it reflected in the broadcasts. They have taken more of a normal and less of an unnatural place in the comment in the total broadcasting spectrum.

Incidentally, there was a great outcry, I recall, at the time of the founding convention of the Parti Québécois, to the effect that the CBC was overwhelming the air waves with publicity on the subject of the newly founded Parti Québécois.

We made an analysis of the leading newspapers in the country. English-speaking and French-speaking, as well as our own breakdown of the amount of time we had given the party, and we found that if there were any offenders in over-publicizing the Parti Québécois and René Levesque at the time, it was the English network, and not the French network, and it was the *Toronto Globe and Mail* and the English newspapers of Canada, all of which carried very much more prominently the account of the founding of the Parti Québécois than we had carried on our French-language television.

**Senator McElman:** To get back to the heart of the question, obviously, in such an organization as yours, you must have checks and balances, and amongst those checks, would this be one of the ways in which a philosophy of an interviewer or an employee in public affairs programming could be reflected?

**Mr. Davidson:** If we came to the conclusion that he was collecting, either consciously or unconsciously, over-frequently from a particular segment of the political spectrum, we would try to ensure that that was corrected, if we felt that this was being done out of proportion to what the circumstances demanded.

**Senator McElman:** Without dealing in names, have you ever had to do that, Mr. Davidson?

**Mr. David:** Yes, and many times.

**Senator McElman:** What do you do in such a case, Mr. David?

**Mr. David:** Well, I will answer in French.

[Translation]

At that time, there are different subjects. It's not necessarily because people are biased. There are some moderators who are more emotional than others. If there are subjects that are too red-hot, that's when, professionally, his performance isn't good. He is assigned to quite different subjects. They'll have him handle international problems instead of national problems, or else, they'll assign him to another type of program. But such things don't often happen, because we think the performance is generally professional. We have had to assign persons to another job instead of those subjects where we thought a balance wasn't being kept. I don't know whether Marc wants to comment on that, but that's generally the position we take.

[Text]

**Senator McElman:** Have there been any cases of actual separation of employment?

**Mr. David:** There have been, yes.

**The Chairman:** I wonder if I might return to the question I asked a few minutes ago, Mr. Davidson. Could you make some general comments on the newspapers in Canada?

**Mr. Davidson:** I don't know that it would be appropriate for me to make any comment on that subject, Mr. Chairman. I read the newspapers. I have my opinions as to the good ones and the ones that are not so good, and I think they are...

**The Chairman:** I am not pressing you to give us your opinion. I am tempted to, but I won't, if you prefer not to.

**Mr. Davidson:** I think perhaps not.

**Mr. Fortier:** They spoke of you.

**The Chairman:** I must say there was no reluctance on their part. Mr. Picard, do you want to say anything on this?

**Mr. Picard:** Well, I am in a bad position on this.

**Mr. Fortier:** Let's take a look at the Act and see if there is a provision for this.



**The Chairman:** Well, perhaps then I could ask Mr. Nash a question.

At page 37 in the brief—It is not the same question, No. At page 37 in the brief, it says:

Nevertheless, if we compare a television newscast of fifteen years ago with one of today, we can easily see that pictorial journalism, even if it has not been able to exploit the medium completely, has certainly broken free from the influence of written and oral journalism and established its own identity and dynamic.

I am tempted to ask you what television newscasts will be like fifteen years from now but I suppose that would be an unrealistic question. Could you tell us what a television newscast will look like five years from now?

**Mr. Nash:** I don't know, Mr. Chairman. There are some interesting developments that are happening in a number of countries. In France, in ORTF, in their newscasts, and Mr. Thibeault can perhaps correct me if I am wrong, but I think they have a system of a much more conversational kind of newscast than we have in North America for the most part; and the French network of the CBC began to move somewhat in this direction. On the BBC they are mixing a bit of commentary with Gerry Priestland doing a commentary in the newscast. There is a slight and increasing mixing.

Now, whether this is the way of the future or not, I don't know. It is something that I just want to watch. We haven't moved in this direction to any extent; modestly in relation to "Weekend"; in relation to the national news, not so much, though it is very, very slightly looser from the strict format of before.

I notice NBC is now having three people to do the same, what will soon be the former Huntley/Brinkley newscast. Part of their thinking is to have it slightly more conversational and perhaps, as I say, this may be one of the developments that is happening.

You may see possibly more live events on the newscasts. I don't think you will see an increase in the amount of film because it's largely film as it is now.

**Mr. Davidson:** Mr. Chairman, Mr. Picard and I honestly declined to give you our own views on the newspapers of Canada, but I can give you something if you would like me

to—or whether you would like me to or not, if you would permit me to—about what Canadians generally, apart from Mr. Picard and I, think about the newspapers and the relative reliability of the news as purveyed by newspapers versus TV and radio.

I have in front of me the Gallup Poll of Canada as reported in the *Toronto Daily Star* of March 2nd, 1970, which reports that two out of three Canadians who read news coverage in this country think it is influenced by personal bias whether it be on newspapers, TV or radio. The question asked was "Which of the three news media have the fairest coverage?" "It depends on where you live", the answer is.

In Ontario, 42 per cent of the people say the press is more reliable. In Quebec, 56 per cent claim that TV news is less biased than newspaper reporting. In the west, opinion is divided. In the Maritimes, TV is considered more reliable than newspapers, and of those Canadians, 66 per cent feel that news is sometimes presented unfairly, 66 per cent think it happens more often in newspapers than on TV or radio.

I think on the basis of this survey made by the Gallup Poll, there is every indication that the TV news and radio news stands up well in comparison with newspaper reporting and as far as the viewpoint of Canadians generally on the question of reliability is concerned.

**The Chairman:** Do you think that a Canadian could be sufficiently well informed by simply watching television?

**Mr. Davidson:** Not in depth, I would think not.

**The Chairman:** Am I to assume—

**Mr. Davidson:** I have to agree with Walter Lippmann.

**The Chairman:** Could I assume that Mr. Hallman, Mr. Picard and yourself, that two of the three of you think that many news reports are biased? It says two out of three!!

I think that, unhappily, I have to close the session. I shall allow only one more question and you have one, I think, Mr. Fortier, do you? I am sorry, I apologize to everyone but this will have to be the final question.



**Mr. Fortier:** I still have quite a few, but it was on the item of future technology which is so important and which is covered, I find, very adequately indeed in your written brief, Dr. Davidson. What is not covered in the brief is: What is the CBC doing at the moment to hedge against the future technology?

**Mr. Davidson:** Well, I assume you mean the cablevision as an instrument of communication and the satellites as an instrument of communication. Certainly on the satellite we are with it albeit—

**Mr. Fortier:** Who said you had to participate?

**Mr. Davidson:** Nobody said we had to participate. We had a lot of people breathing down our necks, and we had a lot of people telling us that we had to play our part in the satellite development and in the making, the financing of the satellite, feasible.

**Mr. Fortier:** Can Canadians afford both microwave and satellite?

**Mr. Davidson:** They are going to get both whether they can afford it or not, but the satellite is not going to be a money-saving device for communication of the broadcast programmes to the people of Canada. I am trying to be as cautiously and conservatively careful as I can in saying that. I think we do recognize that the techniques of transmission of the programme material are changing, that cablevision can affect the technique of transmission very substantially insofar as the urban areas are concerned. The satellite when it comes will also affect in dramatic ways, the technique of transmission; but I think we can become preoccupied with the technique of transmission to the extent that we forget what this complicated machinery is all about. All that we are doing in shifting from the microwave to the cable or the transmission tower to the cable or the onward step to the satellite—all we are doing is changing from the horse and buggy to the automobile to the aeroplane.

Somebody will still have to put something into that system in the way of a programme that is worth communicating, and the concern that the Canadian Broadcasting Corporation will continue to have as the technology changes is the concern with what is our basic function. That is not to set up and operate a whole raft of hardware from coast to coast, but to produce the kind of programming that we think is important for Canadians to have available to them, if we are going to discharge our obligations under the Act with respect to the maintenance of the Canadian identity and the preservation of all that we hold to be characteristic and valuable in Canadian life. Therefore, I think my answer to you is that while we recognize this and will adapt to it, and while in terms of a satellite, we certainly are very much in on the development, we are concerned much more with the maintenance of quality programming regardless of the vehicle that is available for its transmission.

**Mr. Fortier:** I think that's a very happy note on which to end the proceedings, Mr. Chairman.

**The Chairman:** Dr. Davidson, Honourable Senators, ladies and gentlemen, if I could just make an observation in conclusion—it would be that the CBC is sometimes bullied, often damned, usually unloved and occasionally even praised. And if I could express a very personal opinion, I think it's very much needed especially in this kind of a country because, after all, the CBC is a national institution in a country which has far too few national institutions.

Certainly a study of the kind we have undertaken here would be impossible without a reference and indeed an important and detailed reference to the work of the Corporation.

In that connection, I would like to thank you for the excellent material which you have put at the Committee's disposal, and I would like to say to you, Dr. Davidson, and to all of your colleagues that this has been for us very valuable testimony. Thank you so much.

May I say to the Senators that the Committee will be meeting the Canadian Association of Broadcasters in this room at 10.00 a.m. tomorrow morning, and may I remind you of the royal assent at 5.45. The meeting adjourned.

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Queen's Printer for Canada, Ottawa, 1970















Second Session—Twenty-eighth Parliament  
1969-70

THE SENATE OF CANADA  
PROCEEDINGS  
OF THE  
SPECIAL SENATE COMMITTEE  
ON  
MASS MEDIA

The Honourable KEITH DAVEY, *Chairman*

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No. 31

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FRIDAY, MARCH 13, 1970

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WITNESSES:

*Canadian Association of Broadcasters:* Mr. R. Crépault, President; Mr. W. D. McGregor, Vice-President, Television Section; Mr. J. Fenety, Vice-President, Radio Section; Mr. T. J. Allard, Executive Vice-President.

1969-70

MEMBERS OF THE SPECIAL SENATE COMMITTEE ON MASS MEDIA

The Honourable Keith Davey, Chairman

The Honourable L. P. Beaubien, Deputy Chairman

Beaubien  
Bourque  
Davey  
Everett  
Hays  
Kinneear  
Macdonald (*Cape Breton*)

McElman  
Petten  
Phillips (*Prince*)  
Prowse  
Quart  
Smith  
Sparrow  
Welch

(15 members)

Quorum 5

## ORDERS OF REFERENCE

Extract from the Minutes of the Proceedings of the Senate, Wednesday, October 29th, 1969.

With leave of the Senate,

The Honourable Senator Davey moved, seconded by the Honourable Senator Lang:

That a Special Committee of the Senate be appointed to consider and report upon the ownership and control of the major means of mass public communication in Canada, in particular, and without restricting the generality of the foregoing, to examine and report upon the extent and nature of their impact and influence on the Canadian public, to be known as the Special Committee of the Senate on Mass Media;

That the Committee have power to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of the inquiry;

That the Committee have power to send for persons, papers and records, to examine witnesses, to report from time to time and to print such papers and evidence from day to day as may be ordered by the Committee;

That the Committee have power to sit during adjournments of the Senate and that Rule 76(4) be suspended in relation to this Special Committee from 9th to 18th December, 1969, both inclusive, and the Committee have power to sit during sittings of the Senate for that period;

That the papers and evidence received and taken on the subject in the preceding session be referred to the Committee; and

That the Committee be composed of the Honourable Senators Beaubien, Davey, Everett, Giguère, Hays, Irvine, Langlois, Macdonald (*Cape Breton*), McElman, Petten, Prowse, Sparrow, Urquhart, White and Willis.

After debate, and—

The question being put on the motion, it was—

Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Thursday, November 6th, 1969.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Smith:

That the names of the Honourable Senators Giguère and Urquhart be removed from the list of Senators serving on the Special Committee of the Senate on Mass Media; and



That the names of the Honourable Senators Bourque, Smith and Welch be added to the list of Senators serving on the said Special Committee.

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Thursday, December 18th, 1969.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Smith:

That Rule 76(4) be suspended in relation to the Special Committee of the Senate on Mass Media from 20th to 30th January, 1970, and that the Committee have power to sit during sittings of the Senate for that period.

After debate, and—

The question being put on the motion, it was—  
Resolved in the affirmative, on division.

Extract from the Minutes of the Proceedings of the Senate, Friday, December 19th, 1969.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Langlois:

That the names of the Honourable Senators Bélisle and Phillips (*Prince*) be substituted for those of the Honourable Senators Welch and White on the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Tuesday, February 3, 1970.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Langlois:

That Rule 76 (4) be suspended in relation to the Special Committee of the Senate on Mass Media from 10th to 19th February, 1970, both inclusive, and that the Committee have power to sit during sittings of the Senate for that period.

After debate, and—

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Thursday, February 5, 1970.

With leave of the Senate,  
The Honourable Senator McDonald moved, seconded by the Honourable Senator Haig:

That the names of the Honourable Senators Quart and Welch be substituted for those of the Honourable Senators Bélisle and Willis on the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Tuesday, February 17, 1970.

With leave of the Senate,  
The Honourable Senator McDonald moved, seconded by the Honourable Senator Connolly (*Halifax North*):

That the name of the Honourable Senator Kinnear be added to the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Tuesday, March 3, 1970.

With leave of the Senate,  
The Honourable Senator McDonald moved, seconded by the Honourable Senator Denis, P.C.:

That the name of the Honourable Senator Langlois be removed from the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Tuesday, March 3, 1970.

With the leave of the Senate,  
The Honourable Senator McDonald moved, seconded by the Honourable Senator Denis, P.C.:

That Rule 76 (4) be suspended in relation to the Special Committee of the Senate on Mass Media from 4th to 13th March, 1970, both inclusive, and that the Committee have power to sit during sittings of the Senate for that period.

The question being put on the motion, it was—  
Resolved in the affirmative.

ROBERT FORTIER,  
*Clerk of the Senate.*





## MINUTES OF PROCEEDINGS

FRIDAY, March 13, 1970.  
(31)

Pursuant to adjournment and notice the Special Senate Committee on Mass Media met this day at 10.00 a.m.

*Present:* The Honourable Senators: Davey, (*Chairman*); Kinnear, McElman, Petten, Smith, Sparrow and Welch. (7)

*In attendance:* Miss Marianne Barrie, Director and Administrator; Mr. Borden Spears, Executive Consultant; Mr. Yves Fortier, Counsel.

The following witnesses, representing the *Canadian Association of Broadcasters*, were heard:

Mr. R. Crepault, President, Canadian Association of Broadcasters; President, Radio-Mutuelle Limitee, Montreal;

Mr. W. D. McGregor, Vice-President, Television Section, Canadian Association of Broadcasters; Vice-President and General Manager, CKCO, Kitchener;

Mr. J. Fenety, Vice-President, Radio Section, Canadian Association of Broadcasters; Vice-President and General Manager, Radio-Atlantic Limited, Station CFNB, Fredericton;

Mr. T. J. Allard, Executive Vice-President, Canadian Association of Broadcasters.

The following witnesses were present but not heard:

Mr. H. Audet, Director, Canadian Association of Broadcasters; President, CKTM-TV, Trois-Rivieres, Quebec;

Mr. Frank Murray, Director, Canadian Association of Broadcasters; General Manager, Radio Stations CJBQ-AM and CJBQ-FM, Belleville, Ontario;

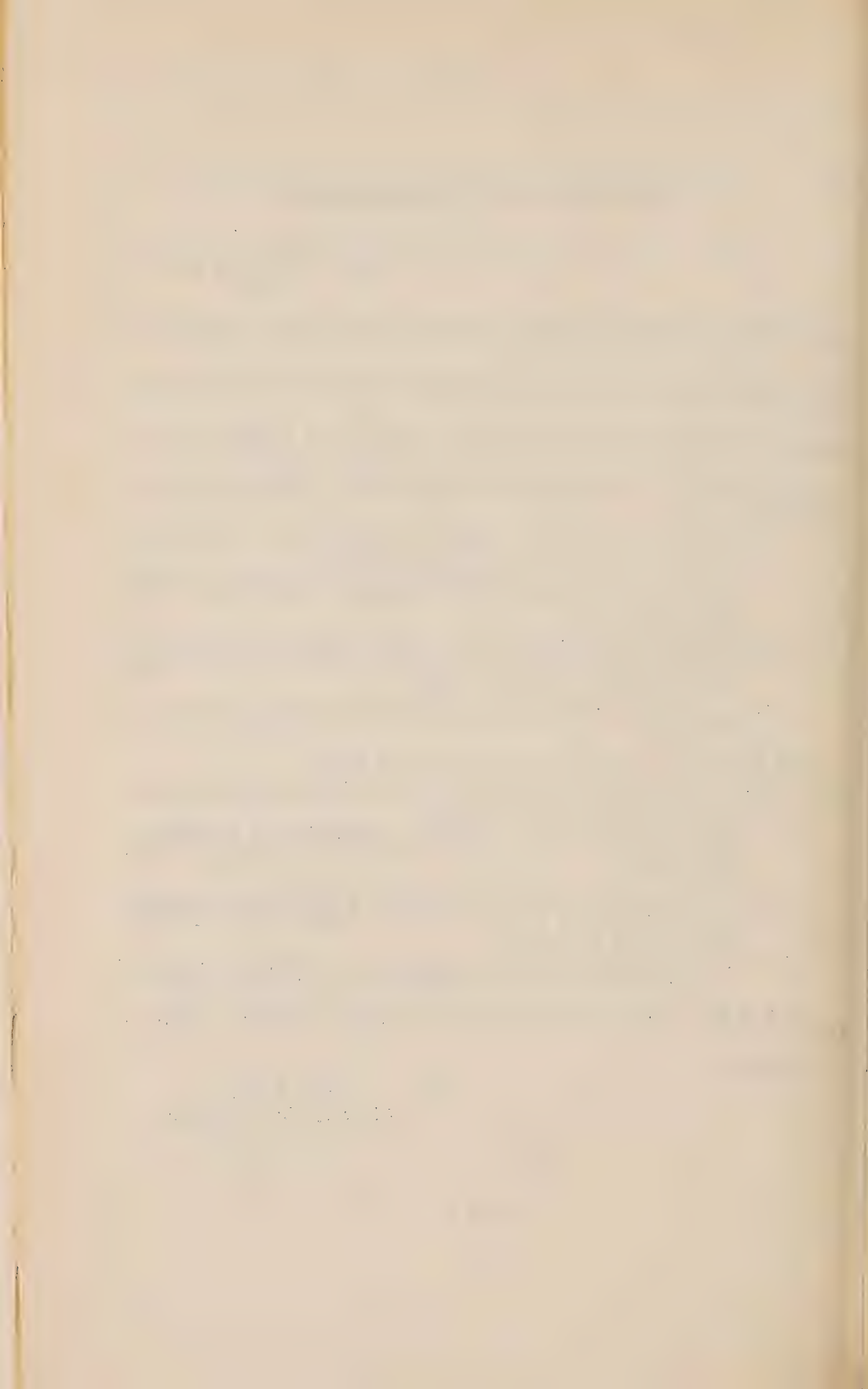
Mr. R. Moffat, Director, Canadian Association of Broadcasters; President, Moffat Broadcasting Company Limited; Stations CKY and CKY-FM, Winnipeg, Manitoba;

Mr. O. Kope, Director, Canadian Association of Broadcasters; General Manager, Stations CHAT and CHAT-TV, Medicine Hat, Alberta.

At 1.00 p.m. the Committee adjourned to Tuesday, March 17, 1970, at 2.30 p.m.

ATTEST.

Denis Bouffard,  
*Clerk of the Committee.*



## SPECIAL SENATE COMMITTEE ON MASS MEDIA

### EVIDENCE

Ottawa, Friday, March 13, 1970

The Special Senate Committee on Mass Media met this day at 10.00 am.m.

Senator Keith Davey (Chairman) in the Chair.

**The Chairman:** Honourable Senators, I would like to call this session to order. This morning we are receiving a brief from the Canadian Association of Broadcasters and perhaps even before I introduce the guests, it will be necessary to underline that what we have here this morning is not a poor man's CRTC hearing, or a junior grade Royal Commission on broadcasting. Instead, it is a Special Senate Committee on the Mass Media and I think it is important that you realize the context in which we are looking at broadcasting—it is specifically the role of broadcasting in the overall Canadian media spectrum. I think that is perhaps important to put on the record before we even begin.

Now, the President of the Canadian Association of Broadcasters, sitting on my immediate right is Mr. Raymond Crépault, who is the president of the private broadcasters and who in real life is a prominent Quebec broadcaster. On my left is Mr. Bill McGregor who is the Vice-President, Television, of the C.A.B., whose own station is KCO Television; and at the possible risk of embarrassing Mr. McGregor I should mention that in the first job I had in broadcasting, he was the chief engineer when I was a lowly mesman. CKCO is in Kitchener as you perhaps realize.

Next to Mr. McGregor is Mr. Jack Fenety, who is the Vice-President, Radio, of the C.A.B. and whose station is CFNB in Fredericton. Perhaps a familiar figure to some of you at the right end of the table is Mr. Jim Allard who is the Executive Vice-President of the C.A.B.

Now, there are some other private broadcasters and I think I might ask the president to begin his submission by introducing these

people. I would only say to you, Monsieur Crépault, that our procedure here I am sure you are familiar with. You have submitted a brief more than three weeks in advance in compliance with our written guidelines and we are grateful for your co-operation. It has been circulated and studied and read by the Senators and we would like you now to perhaps take ten, twelve, or fifteen minutes to make an opening oral statement in which you can expand upon your brief or say anything else which may be on your mind, and following that we would like to question you on the contents of your brief and perhaps on other matters which are of interest to us. As I have said to so many other witnesses, if you feel any of the questions could be more effectively dealt with by your colleagues, then by all means refer them.

Welcome; the floor is yours.

**Mr. Raymond Crépault, President, The Canadian Association of Broadcasters:** Thank you very much Mr. Chairman. Honourable Senators, I am delighted to be here this morning. Perhaps I may start with your suggestion, Mr. Chairman, of introducing the members of the Committee, the other directors of the Association who were able to attend the meeting this morning.

Mr. T. J. Allard, Executive Vice-President, Canadian Association of Broadcasters; there is Mr. Orval Kope from Medicine Hat, Mr. Henri Audet from Three Rivers, Mr. Moffat from Winnipeg, and Mr. Frank Murray, from Belleville. These are the members of the Board of Directors of the Canadian Association of Broadcasters. The Chairman was kind enough to introduce me—my name is Raymond Crépault and I here in my capacity as the President of the Canadian Association of Broadcasters.

The Canadian Association of Broadcasters, l'Association canadienne des radiodiffuseurs, includes in its membership some 260 radio stations, and some 55 television stations. In addition it includes also the CTV Network and a French radio network—Radiomutuel—



the collective membership of which represents about 98 per cent of the private sector of broadcasting in Canada.

The Canadian Association of Broadcasters appreciates indeed, Mr. Chairman, your thoughtfulness in asking for our views and ideas and as I said we are delighted to be here.

We believe that discussions of this kind, especially in this atmosphere, can be of significant value and benefit to Canada. There is one area in particular we would like to emphasize, in the hope it may engage your particular consideration.

We are all dealing here with a fundamental and very precious thing—the right of full access to public information; the right to exchange opinions, and to examine ideas in public without fear of reprisal. What our society is, results from the ability to spread ideas far and wide and to discuss and examine these.

To this day I think no one has put it better than did John Milton when speaking from the passion of his whole life, he said "Give me the liberty to know, to utter and to argue freely according to conscience, above all liberties".

In 1947 the principle was restated by "The Commission on Freedom of the Press", headed by Mr. Robert M. Hutchins, then Chancellor of the University of Chicago. It found that: "Freedom of speech and press is close to the central meaning of all liberty. Where men cannot freely convey their thoughts to one another, no other liberty is secure. Where freedom of expression exists, the germ of a free society is already present, and a means is at hand for every extension of liberty. Free expression is therefore unique among liberties as a protector and promoter of the others; in evidence of this when a regime moves toward autocracy, speech and press are among the first objects of restraint or control."

This is so true, Mr. Chairman, that everytime these take place in some country, an uprising or a revolt, we find that the very first target of the rebels is inevitably the radio and television stations. In a similar context, the Inter-American Association of Broadcasters decided a few weeks ago that it should cancel its forthcoming Annual Convention to protest the absolute take-over by the Government of Peru of all the newspapers publishing in that country.

In every age, in every place, there have been those who sought to choke off the free flow of expression and the free interchange of ideas. Usually, however, there was an informed, articulate and courageous body of opinion which, in the event, rendered attempts as meaningless as those of the forest warden who tried to keep the crows out of his park by closing the gate.

In many areas of the world, the traditional menaces to freedom of expression still exist. In our own society we think that a new kind and a somewhat curious kind of danger has arisen.

This consists of the indifference, sometimes the hostility, of large segments of the public itself—the very people whose general body of freedom depends upon freedom of information.

No one seems to know what has caused this growing tendency to blame the messenger for the news. We hope that your Committee will examine this new tendency with care, and try to find some causes and some possible solutions.

Appendix "A" of our written submission to you quotes at least one informed searcher who has sought to grapple with this puzzling phenomenon. Professor John Tebbel says "Among the middle class especially, one senses a hatred that goes beyond simple disbelief, as though people were blaming the press for the ugliness of life today. Where middle-class citizens read about riots, the plight of the ghettos and the rise of black militants, they believe the newspapers incite the poor and the blacks to make trouble for everybody else because of 'all the publicity given to them. It is the incredibly naive idea of these people, numbering millions, that if the newspapers and television and radio would just stop talking about the militant leaders and the dissidents of every stripe, and stopped printing and broadcasting the news of crime and corruption which saturates the fabric of our life today, much of this activity which so disturbs the peaceful surface of affluence, would wither away from lack of attention."

We would like to express the hope that your Committee, particularly qualified to do so, will carefully examine this disturbing development. We hope, too, that your report will deal extensively with it and emphasize to Canadians that even when they dislike seeing or hearing or reading about disturbing facts in our society, that the process of bringing

these to their attention is itself the key to all their other liberties.

Insofar as broadcasting is concerned, most of the other issues you are examining have already been examined by three Royal Commissions, one "Committee", an influential private Committee, 20 Parliamentary Committees and various regulatory bodies, some of which continue that examination. Broadcasting stations are closely governed by the Broadcasting Act, the Radio Act, and Regulations made under these. To operate at all, a broadcasting station must have a licence granted by the Canadian Radio-Television Commission, after careful examination of all station's affairs. The Commission is entitled to receive any and all information necessary for the discharge of its licensing, regulatory and supervisory functions.

Any ownership transfer of shares or assets in a Broadcasting station in Canada must be approved by the CRTC. Broadcasters are required to pay a "transmitter licence fee" which is over and above all other taxes required of our and other industries. We are forbidden to sell more than approximately 25 per cent of our products; there are certain products we are prohibited from advertising at all; and others may be advertised only under limitation.

Proposals now available for public discussion, would require television broadcasting stations in Canada to be a minimum of 60 per cent Canadian and radio broadcasting stations to use 30 per cent Canadian music.

In all this, we are in direct competition with U.S. radio and television signals which can and do flow across the border freely; we are also increasingly in competition with such signals imported by cable, a means of communications which is growing at this time in Canada at a rate of 45 per cent per year, and we must remember that in any event, some 90 per cent of our Canadian population has some access to one or more U.S. signals.

Since its inception, broadcasting in this country has been a chosen instrument of public policy. In words of the present Broadcasting Act, it is selected to "safeguard, enrich and strengthen the cultural, political, social and economic fabric of Canada".

For fifty years, broadcasters have lived with this situation in spite of severe, and at times unexplainable, limitations imposed on the industry.

It is now suggested, as you know, that still further limitations be imposed on the broad-

casting industry. This is being done at a time when costs are rising steeply, the pace of technological development is making ordinary planning extremely difficult, and the impact of the United States competition being rapidly increased. Many of us, therefore, wonder if solutions utilized in the past, and the present, to try and keep private broadcasting economically healthy while at the same time, utilizing it as a chosen instrument of public policy, will any longer be workable.

In Appendix "F", we have enlarged upon this matter and suggested some possibilities which could set new patterns into the future.

One essential element of that process could be the creation of what I would call a Canadian Program Production Corporation, the financing of which would consist of (a) \$50,000,000.00 annually, diverted from amounts now paid the Canadian Broadcasting Corporation; (b) The entire annual budget of the National Film Board which I believe Mr. Chairman is in the neighbourhood of \$15,000,000.00 which would be merged with this new corporation; (c) Funds available to the Canadian Film Development Corporation which I understand Mr. Chairman is estimated to be \$10,000,000.00 which would also be merged with this new corporation; (d) any additional funds that any private source wishes to put in. This would include grants from foundations; it would include monies put up for specific production or on a co-production basis, on a continuing or per-program arrangement; (e) Retention in Canada for payment to this new corporation of 15 per cent of amounts derived from the sale, rental, lease or exhibition in Canada of any program material imported from abroad, wherever used in Canada.

This would guarantee the Canadian Program Production Corporation a *minimum* income of \$75,000,000.00 per year. With these funds and any additional monies it was able to obtain, it would be charged with the responsibility of producing Canadian-oriented programs.

Some part of these would be used by radio and television broadcasting stations as a condition of licence. These would be free to lease, rent or purchase *additional* material upon mutually agreed terms. The material would also be available for sale, lease or rental abroad; and it is to be hoped that additional funds would be derived from that source.

A second essential element of that process in the field of communications Mr. Chairman,



would be to have the Industrial Development Bank and similar sources of financing permitted, indeed encouraged, to extend loans to the broadcasting industry, with rates and terms dictated by a consideration for public policy objectives.

The provisions of Section 12 (a) of the Income Tax Act should be extended to include advertising expenditures of the type covered by the section made on United States broadcasting stations.

It could also be legislated Mr. Chairman that the depreciation rate of 50 per cent granted to newspapers, for obvious reasons of public policy, should be extended to cover broadcasting stations as well.

Cable transmissions should be regarded as a projection, an extension of public policy objectives. Thus, cable systems would be licensed to broadcasting transmitting undertakings in order to provide service to geographical areas which might not otherwise receive such service.

This combination of arrangements in my view and in our view, Mr. Chairman, would recognize the practical, fundamental realities of the situation; they would recognize finally that to use a now familiar phrase "The only thing that really matters in broadcasting is programming".

I would like to conclude this opening statement by reiterating the conviction of our Association—and which is also my personal conviction—that we are dealing here with a fundamental and very precious thing, the right of full access to public information, the right to exchange opinions, and to examine ideas in public without fear. In this respect, we have been fortunate so far in Canada, but at the same time, it does not mean, it should not mean that our Press, electronic and other, in Canada, is inevitably or automatically immune against blind or sweeping criticism. We must be conscious of the fact that there are some danger signals in Canada in the field of private broadcasting, which could suggest that if we are not careful—if the citizens of this country are not made aware of the fundamental importance of a private broadcasting system, free from undue encroachments and from capricious interference, we could then eventually see our press experience in Canada the same disastrous fate which has been that of the Press in many other countries of the world, including some so-called western democracies.

I am sure that all of you here are familiar with the outstanding service provided and

contributions made over the years by the private broadcasting industry in Canada.

For my part, Mr. Chairman, as you know, I am now serving my sixth year on the Board of Directors of The Canadian Association of Broadcasters, and I have been involved in private broadcasting since 1957. Throughout these years, I have become increasingly aware of the real contributions which private broadcasters have made and are making to the human values, the realism, the dynamism, strength and unity of Canada.

I have been part of many meetings of broadcasters. I have been part of informal discussion groups, of executive committee meetings, Board of Directors and annual meetings.

In all these, those Canadians whose mother tongue is French and those Canadians whose mother tongue is English, meet together on equal terms, with mutual understanding, regard and respect, with no narrow parochial feeling, dreaming no small dreams, but possessed of an admirable determination to contribute to the still further development of our national purpose and the objectives we share in common.

What people are, is reflected in what they do. All of these broadcasters return from meetings to their respective communities knowing more, I am certain, about Canada and Canadians, than most professional groups in this community; that knowledge and that spirit is reflected in their actions.

We have repeatedly talked in Canada about the essential role played by the railroads in the task of linking the various parts of our country, and of creating some feeling of a united country. I submit to you Honourable Senators, that in this second part of the 20th century, one of the essential factors working towards this proposition of Canadian unity, and helping all of us to realize our national purpose, is private broadcasting."

Thank you very much Mr. Chairman.

**The Chairman:** Thank you. I think the questioning this morning will begin with Mr. Fortier.

**Mr. Fortier:** Monsieur Crépault, supposing the legislators went to the CAB and said "Gentlemen, we have decided to re-write the Broadcasting Act—we will give the private broadcasters the airwaves—we will let you make money." What would you do, Mr. Crépault, if they came up with a new text of the Act?



**Mr. Crépault:** Well I would first delete that last sentence about making money to begin with.

**Mr. Fortier:** Do you then believe that a private broadcaster should make money?

**Mr. Crépault:** I think it should, definitely, but I don't think we should make it sound as though it is the first objective. I think that you will find many broadcasters to begin with who are perhaps in agreement with the idea, and maybe the time has come now to undertake a pretty extensive review of the broadcasting structure in Canada and in some way this is perhaps the idea that we tried to convey in our written submission and in the oral statement I have just made. Whether we like it or not, I think we are moving and pretty rapidly moving towards a society in which the borders, the frontiers, are really disappearing. This expression of the shrinking world I think is a well founded expression and whether we like it or not within a few years—in fact now we have this regular intrusion into Canada of U.S. signals and within a few years we have to accept the assumption that within a few years through the satellite and other technological devices we will be getting signals, not only from the United States but from all over the world.

I am sure that some of you have already seen for instance U.S. television programs in which the actors speak Japanese or Indian—in other words the frontier particularly for that kind of material is really disappearing and therefore we must ask ourselves what are we means that Canadians must have in order to be able to survive in the context of a Canadian entity.

**Mr. Fortier:** Survive economically?

**Mr. Crépault:** Survive economically and culturally. Now, I think that there are really two basic approaches to providing a solution to this problem. One—and I am perhaps in a better position to talk about it being a French-Canadian, and you are also familiar with this approach, Mr. Fortier—one of course is to suggest that the best way to survive and to maintain and preserve the sacred aspect or the purity of a culture is to build around a given area some kind of a wall which would in fact invite the people living in that area to live in a cultural ghetto. That way we would create for these people an immunity to whatever outside influences would exist, and to my surprise as a French-speaking Canadian, I now find that some

people are advocating the same kind of approach when we come to talk about Canadian culture. As a French-Canadian I find this absolutely incredible because I know that in my province I am trying to resist the very same kind of approach.

**Mr. Fortier:** But has it not worked in the Province of Quebec? I am referring here specifically to the development of radio and television stations of French-Canadian talent?

**Mr. Crépault:** I don't know—it may be...

**The Chairman:** It may be that Monsieur Crépault and Monsieur Fortier would like to speak in French. We have our translation service available.

**Mr. Fortier:** Well, Mr. Chairman, we have already discussed this.

**The Chairman:** Oh, fine.

**Mr. Crépault:** I don't think that the French radio stations have remained French because they were forced or compelled to operate in a cultural ghetto. The same way I don't think I am less a French-Canadian because I am bilingual or because my views in terms of undertakings and so on go well beyond the Quebec borders. I think that the same approach, the same reasoning, the same mentality must necessarily apply with regard to Canada as a national entity.

**Mr. Fortier:** Well, I was going a step further and speaking of the fostering of French-Canadian talent on French radio and television stations where in fact this, so to speak, ghetto has been set up and has contributed to the development of the talent within the community.

**Mr. Crépault:** Well, I don't think it has developed because there was a ghetto. I simply think that there was a special surge of French-Canadian talent simply because we had to remain competitive.

**The Chairman:** May I ask a complementary question. You said as a French-Canadian. Do you think you as a French-Canadian can fully appreciate the absolute flood of American ideas, American culture if you will, into English Canada? You don't have this in the Province of Quebec because of the language barrier which I would suggest is a great advantage in this situation.

**Mr. Crépault:** Well, your question has two aspects. Firstly, I would like to believe that I

am in a position through my travels and through my interest in Canadian broadcasting to be aware of the inflow and the impact of U.S. signals into Canada, and the second part of your question is that you are suggesting that perhaps in French Canada we have been more or less immune against this, but I don't think this is exactly correct because even French speaking television stations in Montreal or in Quebec are really in some way in competition with U.S. signals. This is true especially in the Montreal area where you have cables. Let us face the fact that French-Canadians do have cable; French-Canadians do watch U.S. signals. They watch U.S. signals if they find that the programs offered on the French channels are not of sufficient quality to attract and retain their attention. What I realize is that there is an additional concentration with regard to French-speaking Canada. I don't think that the basic problem is that difference between French-speaking Canada and the rest of Canada, and if I may just pursue the basic answer to your question, as I said there are really two solutions, two approaches to the solution of the basic problem that you have raised. I have touched upon one already about the way—what I call the narrow approach by saying well, all right, let's surround ourselves with the protective wall and in that way our culture will not be diluted. As I say, I think this is completely unrealistic—I think this is a completely unrealistic approach in our society today when I think that the frontiers on the borders are really disappearing and when we are really moving rapidly towards a one world concept, specially in terms of communications.

The other approach—and I think it is a fair statement that some European countries even smaller than ours realized this—that having the real answer within the context of our culture and the context of our heritage, and I think in order to be competitive it calls for money, it calls for convictions and it calls for the tools to do the job properly.

**The Chairman:** I believe Mr. McGregor wanted to make a comment at this point.

**Mr. W. D. McGregor, Vice-President, Television, Canadian Association of Broadcasters:** If I may Mr. Chairman, just add to the point that our President has made. I would suggest to you that when you are discussing the effect of American culture in the Province of Quebec or in the French language parts of Canada, you can't ignore the fact

that we are not only talking about linguistics or the linguistic situation here—there isn't just a linguistic division—we are talking about a cultural division and the cultural division is broken frequently by a program such as "Ironside" in French or even as a matter of fact "The Flintstones" which you see in French. Now, the whole of the culture that is in those programs goes right through. The fact that the language is changed makes no difference at all.

**Mr. Fortier:** But we were told yesterday, Mr. McGregor by the CBC, by Mr. Raymond David of Radio Canada, that those American programs that are dubbed in French were not as popular as the made-in-Quebec Canadian programs shown on the French network. The comparison with the English network was just not valid; there was no comparison, so I am afraid I would take issue with your point because even at that level a dubbed in American program has not been the success that the undubbed, non-dubbed American program on the English network is.

**Mr. Chairman:** Well, maybe Mr. McGregor would like to comment on that.

**Mr. McGregor:** I would like to suggest that perhaps two points need to be made here. One is that whether it is English Canada or French Canada the fact is the number one program of course is Canadian—that is N.H.L. Hockey. The second point I would make is...

**The Chairman:** The Stanley Cup may not be this year!

**Mr. Fortier:** Don't count out your Maple Leafs yet!

**Mr. McGregor:** The second point I would make in that area is that I think—I would agree of course that in many areas the native product is by far the ratings leader but I have to disagree that programs such as Cinema Kraft which are motion pictures—things of that nature indeed have extremely good audiences in French Canada and I think that it really isn't fair to make a blanket assertion such as you did. I am not trying to make it difficult for you....

**Mr. Fortier:** I am repeating what was said to this Committee yesterday.

**Mr. McGregor:** Right.

**Mr. Fortier:** And I take your point, Mr. McGregor. Mr. Crépault, first and foremost you appear to make the point that in order to



remain competitive you must do away with the barriers?

**Mr. Crépault:** That is one element anyway but it is not the sole element. As I have said, in order to be competitive you have to have quality programs and in order to have quality programs it takes first of all extensive financing, it takes talent and it takes a real organization; in fact it takes the kind of organization I presume legislators had in mind when they established the Canadian Broadcasting Corporation.

**Mr. Fortier:** Has it succeeded?

**Mr. Crépault:** In my view, personally, I don't think so.

**Mr. Fortier:** Why?

**Mr. Crépault:** Simply because I think that they have gradually shifted the emphasis they were supposed to place on the main objective of the CBC...

**Mr. Fortier:** Which was what originally?

**Mr. Crépault:** I think to really create and encourage Canadian talent and Canadian productions.

**Mr. Fortier:** Do you think they have tried to do exactly what you suggest or are they trying to keep competitive with the private broadcasters?

**Mr. Crépault:** I think that is exactly it. They have tried to become public broadcasters with private money. They have tried to do this to the tune of two hundred million dollars a year.

**The Chairman:** I think we should perhaps ask Mr. Crépault to discuss the CBC in the context of the Broadcasting Act, because what may or may not have been anybody's intention originally really isn't germane to the discussion. The CBC has a particular mandate now—the point I am making is whether your criticism is of the Corporation or is it of Parliament and the Broadcasting Act?

**Mr. Crépault:** No, I think it is probably a criticism of the Canadian Broadcasting Corporation.

**The Chairman:** You don't think they are meeting the mandate as described in the Act?

**Mr. Crépault:** I don't think so. On the basis of my interpretation of the Act I don't think they are.

**The Chairman:** All right.

**Mr. Fortier:** Do you think they have begun to commercialize?

**Mr. Crépault:** I think so. Well, if you really want to analyse it let us take their budget.

**Mr. Fortier:** I wish you would, please.

**Mr. Crépault:** An annual budget of \$200,000,000. Well, in effect, out of this budget you might be very surprised to know that not more than 10 per cent of it is in fact really spent on actual Canadian talent.

**Mr. Fortier:** Well, I would admit it is not much but a little bit more than that.

**Mr. Crépault:** Well, not much more, so naturally we would ask ourselves what is the rest of it being spent on. This is where I think that my personal reaction as a Canadian citizen takes place; what is the rest being spent on?

**The Chairman:** That is roughly 20 million dollars?

**Mr. Crépault:** That's right.

**The Chairman:** What would be the comparable private broadcasting figures, just in passing?

**Mr. Crépault:** Well, I would say proportionately that all told it would be 40 per cent of it easily.

**The Chairman:** Well, their figure is 20 million—what would you figure be? Would it be 40 per cent of 20 million?

**Mr. Crépault:** 40 per cent of the overall budget. You have to take the annual budget of all the radio and television stations.

**The Chairman:** Well, what would it be? We are saying the CBC spends \$20 million, what would your figure be—in round figures?

**Mr. Crépault:** Well, I would say...

**Mr. McGregor:** It is very likely, Mr. Chairman, a matter of interpretation unfortunately as is the case with so many figures. I would suggest that the figure is not less than 40—may be 60 million.

**The Chairman:** So you would say—I am sorry, Mr. Fortier, I realize it is your supplementary question, but you say that you are spending more on Canadian talent than the CBC is?



**Mr. McGregor:** Well, both in actual terms and in proper proportion.

**Mr. Fortier:** Maybe we should define our terms.

**Mr. Crépault:** I agree. I know there are different definitions and so on but I think necessarily this morning we should talk a general context. I think it is fair to say that proportionately and in absolute terms I think the whole collective private broadcasting industry in Canada is spending more on this than the CBC is.

**Mr. Fortier:** That is your first point.

**Mr. Crépault:** That is the first point. And also the other point which really flows from the first is what is the 180 million dollars being spent on? This is the point where I personally rebel as a Canadian citizen. They spend part of it in the purchase of American programs.

**Mr. Fortier:** What part of it, do you know?

**Mr. Crépault:** Well, quite frankly, I don't know what part but for instance we all know programs like Bonanza and Laugh-In for instance. In the case of Laugh-In which is a 100 per cent American program, in effect the CBC because of the vast funds available to them were able to outbid the private Canadian network in purchasing that program. Well, to my mind regardless of the interpretation one could give to the Act the CBC were certainly not meant to do that kind of thing.

**Mr. Fortier:** You don't believe the CBC, once Laugh-In had become the No. 1 entertainment program in America, you don't think it was justified in going out on the open market—which it did—and bid against the CTV network for it?

**Mr. Crépault:** It depends upon the role you want the CBC to play. If you want the CBC to operate like a private undertaking, that's fine then. In that case I think we should probably tell the CBC, "You fly on your own," but nevertheless at the end of the year if they have a huge deficit they will say to Parliament, "We have a deficit, please fill the till again."

**Mr. Fortier:** You don't think that it is the function of the CBC, given the mandate given to it by Parliament, in a case such as the Laugh-In program to go out, bid for it in order to show it to more Canadians than the CTV network could do?

**Mr. Crépault:** I don't think necessarily it is shown to more Canadians. I think that the private stations could have latched on to it, at a price by the way which was 50 per cent of the price offered by CBC. We have to be consistent with ourselves. I know we are not trying to favour the CBC giving as wide a spread as possible to American programs—or else what do you want the CBC to do—otherwise I am going to lose you in this reasoning now.

**Mr. Fortier:** Well, except that the Act says that the service should be predominantly Canadian in content and character and I believe—correct me if I am wrong Mr. Crépault, but the point that the CAB is making is that the CBC should be entirely Canadian in content and character. Is that the point?

**Mr. Crépault:** That's right, most of it should be. That is the word predominantly.

**Mr. Fortier:** Predominantly Canadian in content and character.

**Mr. Crépault:** Yes, and I don't think this is the case at the moment, at least on the basis of my evaluation of things.

**Mr. Fortier:** But do you think that to perform effectively as a national broadcasting service, the CBC should not be in direct competition with the private broadcasters?

**Mr. Crépault:** I would think this would be the essence and the purpose of the whole structure in Canada. This is why we are one of the very few countries, perhaps the only one maybe, that has this kind of double structure, precisely in order to ensure that our cultural heritage would be safeguarded, maintained and encouraged and developed through public funds.

**The Chairman:** Are you suggesting that our cultural heritage would not be safeguarded if it were not for the CBC?

**Mr. Crépault:** Well, we are talking about Canadian programs at the moment.

**The Chairman:** It was your phraseology and I take it from your comments that you see some virtue in the CBC as a safeguard for our cultural heritage?

**Mr. Crépault:** Yes.

**The Chairman:** Would the private broadcasters not guard our cultural heritage?

**Mr. Crépault:** Yes.

**The Chairman:** What if there were no CBC?

**Mr. Crépault:** I think the private broadcasting industry has made a very impressive contribution in maintaining this Canadian identity.

**The Chairman:** You feel then that you could safeguard the Canadian heritage if there were no public broadcasting in Canada?

**Mr. Crépault:** In other words you are asking me if I am in favour and support of this dual system of broadcasting?

**The Chairman:** Yes.

**Mr. Crépault:** This is exactly my proposition.

**The Chairman:** You do?

**Mr. Crépault:** Yes. What I am saying at the same time is that to really implement the spirit of that dual system I think that both sides have to operate on the basis of the policy which had been originated originally, and my second premise is the fact that one of the partners in my view has slightly drifted away from the main path.

**Mr. Fortier:** Drifting towards you?

**Mr. Crépault:** Well, all right, or drifted towards a wilderness, whichever way you want to look at it.

[Translation]

**Mr. Fortier:** In fact, Mr. Crépault, are you not suggesting that there be a watertight division between the Canadian Broadcasting Corporation on the one hand and the independent broadcasters on the other?

**Mr. Crépault:** I have never been in favour of a watertight division or an unapproachable dividing line. When I spoke of the Canadian Broadcasting Corporation, I spoke in relation to the problems with which we are now faced. We are brought to a competitive basis. In other words, if we want to be in a position to resist the influx of American culture, we must provide the Canadian public with Canadian programs which are at least of equal interest in order to gain their attention when we are competing with American productions.

I believe that that theory applies not only to broadcasting but also to all other fields. We have always wanted a film industry, an automobile industry and a record industry in

Canada. We are not the only country to have such desires. Sweden, the Scandinavian countries and the European countries had similar ambitions. I believe that we arrived at the conclusion that, in order to create such an identity with products manufactured here in Canada, we must be competitive. Indeed, it was found that in the film industry, for example, an effort will have to be made to produce quality films. You cannot force Canadians to go to see a film simply by saying: "Listen, it is a Canadian film."

Moreover, a decision in that respect is made on the basis of personal taste. I do not believe that there is any Canadian who wants to find himself in a big brother situation. The same applies to television. I am certain, Mr. Chairman, that there is no Canadian who watches a television program simply because it is Canadian. He watches a program in the quiet of his home because that program is of interest to him. He does not ask himself whether the program is Swedish, American or Canadian.

**Mr. Fortier:** Should he ask himself that question? Is that not what the Canadian Parliament told the Canadian Broadcasting Corporation?

**Mr. Crépault:** Do you really think that in the type of society in which we live, culture can be put into nationalistic boxes? Take music for example. Must we listen to music because it was composed by a Canadian? We all know that music knows no boundaries. I believe that the general evolution in all fields of culture—and I use the word, culture, in its general meaning—is not becoming national. I do not believe that there is any Canadian who will agree to live in some ghetto and be told: "You will listen to that music because it is Canadian. You will see that film because it is Canadian. You will watch that television program because it is Canadian."

[English]

**The Chairman:** Would you agree that we don't want to be put into an American ghetto either?

**Mr. Crépault:** But we live in the world and I don't think there is much room where you can escape to.

**Mr. Fortier:** It is a big elephant!

**Mr. Crépault:** Don't think you can nowadays put a label—a national label on things which are culture?



**The Chairman:** Well, I was just going to say that some witnesses have come here and said that the private broadcasters have contributed more to the Americanization of Canada than any other single influence. Would you care to comment on that?

**Mr. Crépault:** Well, I know Mr. McGregor will wish to comment on this. My natural reaction I think would be to say that it is a very unfair statement. But, I think it is just the opposite. I know it was the same as the railways, the way they participated where really they were the only physical link in Canada some 50 years ago keeping this country together—that role is now being played by private broadcasting keeping the various parts of Canada together.

**Mr. McGregor:** I think it is essential that we use a bit of historical perspective in dealing with a question such as the Chairman has put. Perhaps it isn't a question—it is more of a statement.

**The Chairman:** It is a statement which has been put to us by several witnesses, that's all.

**Mr. McGregor:** If we look back to the beginnings of radio broadcasting we find that it was the private broadcasters who provided the backbone of a coast-to-coast service. When the CBC went into the business of radio network broadcasting the backbone of their service was made up in a very vast country of private broadcasters. As a matter of fact it is today. If you use the percentage of radio stations transmitting CBC programs the CBC's percentage is extremely low. If you use the percentage of television stations today presenting CBC programs and you look at the percentage of CBC versus—of course, we are not talking now about the 5 watt low power repeaters—we are talking about the broadcasting stations—the Edmonton, the Calgary, and so on. If you look at this, again you find that the private broadcasters are the backbone of that service; not in the number of people each transmitter reaches because of the private broadcasters from the beginning of television—and I don't want to bounce back and forth to create confusion—but merely because the parallels are quite similar. The private broadcaster from the very beginning of television in 1954 took on the burden of providing television to communities as far as the Government of Canada was concerned—not the CBC because the CBC were eager to get more funds—the Government of Canada were not prepared to put up the kind

of funds—put forward the kind of funds in television which were necessary if television was going to spread rapidly across this country. What happened was that private enterprise took on the burden of providing television service to virtually all of the communities in Canada so that in a fairly short time—1960-61—well over 90 per cent of this country received broadcast service. It has been a very difficult struggle to get from 90 to the 96 or 97 per cent that we have today because you are now dealing with very small pockets of population and as I am sure the CBC said yesterday, very costly to reach. To reach a few hundred people means the expenditure of several hundred thousand dollars.

**Mr. Fortier:** And they are the ones that are going to be asked to do it by the CRTC?

**Mr. McGregor:** Well, this has been a general revision of principle on the part of the Government. After we achieved the 90 per cent level which was achieved as I said largely through private enterprise, then we found ourselves in a position where economically the question of whether—perhaps now we can use an analogy—whether Dawson Creek should have two mail deliveries a day or not—became an issue. In other words could the economy of the country provide television to every last home in the country, and that really has been the issue since we achieved 90 per cent.

With that then, we come to the point which I was going to try and make which is that these private originating stations which were supplemented in 1960 by the so-called second stations have made a major contribution in the provision of a distinctly Canadian national service. Now, you say to me "Ah yes, you are carrying Ironside and things of that sort coast to coast", and I say to you "Indeed they are". With that they are carrying a certain culture as a part of it but in every one of those programs in—let us use Red Deer—the program contains Canadian information. In fact, it is one of the mysteries to me why we reduce the amount of commercial content when in fact it is all Canadian information. I see you are puzzled by the analogy...

**Mr. Fortier:** Yes, I am.

**Mr. McGregor:** By the analogy, but if you realize why this is I think perhaps a basic question—why do people buy a magazine or why do they buy a newspaper? If the assumption is that they are buying it only for the news this is a false assumption. Mr. Spea



was with the Financial Post and you buy the Financial Post as much almost for the information which is provided in the advertising that goes in the Financial Post as you do for the information that is provided in the news columns.

**Mr. Fortier:** Does that also apply to the electronic media?

**Mr. McGregor:** Well, I believe it does.

**Mr. Fortier:** To the same extent?

**Mr. McGregor:** I believe it does, indeed.

**Mr. Fortier:** Well, that is what you are here for, to give us your views.

**Mr. McGregor:** That's right.

**The Chairman:** Well, I am still...

**Mr. McGregor:** You are still puzzled?

**The Chairman:** Well, it is a very interesting comment and it is the kind of comment that we have not heard from anybody as yet before the hearings began. I would be curious to know if the CBC could join the CAB?

**Mr. Crépault:** Well, the CBC is not a member of CAB.

**The Chairman:** I know that but could it apply?

**Mr. Crépault:** Not at the moment. CAB has a membership of private broadcasters.

**The Chairman:** Well, I don't see that—well, okay, you have answered the question.

**Mr. Fortier:** The affiliate stations do?

**Mr. Crépault:** Yes, but they are not CBC stations. They are private stations.

**Mr. Fortier:** But they are?

**Mr. Crépault:** Yes.

**The Chairman:** But the Corporation as such is precluded?

**Mr. Crépault:** That's right.

**The Chairman:** Mr. Fenety?

**Mr. J. Fenety, Vice-President, Radio, Canadian Association of Broadcasters:** In reply, Mr. Chairman, to the charge that Canadian broadcasting has contributed to the Americanization of Canada, speaking for radio, I should point out to the Honourable Senators that better than 90 per cent of all

radio listening in Canada is done through Canadian radio stations in spite of the fact that 85 per cent of all Canadians are within radio reach of a U.S. station. In Canadian programming the content of the Canadian private station—better than 85 per cent of all the material used, and I am excluding music here, is of Canadian origin or composition.

**Mr. Fortier:** But you are excluding music?

**Mr. Fenety:** If you wanted to get Canadian music, my submission here, Mr. Fortier, would be that music is universal and I am prepared to argue this until death do us part.

**Mr. Fortier:** We have another two hours!

**Mr. Fenety:** If the Singing Nun comes up with a hit song in Belgium then I see no reason why it shouldn't be a hit song in other countries of the world because it is a product that sells, and when we play "Dominique" in Canada on a Canadian radio station we do not say that this is a Belgian recording or anything like that. We say it is music; it is the Number 1 hit song and we could go on ad infinitum in that field. Basically Canadians listen to Canadian radio stations because they are largely receiving Canadian material whether it is in the form of information or entertainment and we are very proud of this fact in spite of the fact that there are so many American signals available to Canadians.

**Mr. Fortier:** Do you also think like Mr. McGregor that people listen to radio because there are commercials that they will hear?

**Mr. Fenety:** I would say in reply to that, Mr. Fortier, that the most successful broadcasting stations in the world are those that have the most commercials.

**The Chairman:** Which comes first, the chicken or the egg?

**Mr. Fenety:** Well, one can't be supported without the other.

**Mr. Crépault:** Good programming comes in a package.

**Mr. Fortier:** Is that the reason why CBC radio does not have high audience rating?

**Mr. Fenety:** I would think that is certainly a large part of it. If CBC had the programs that people wanted to listen to they would also attract the large audiences.

**The Chairman:** But if the CBC radio became terribly commercial people would listen to it, by your argument.

**Mr. Fenety:** If the CBC—I might say this Mr. Chairman—CBC radio, particularly the O and O stations, the owned and operated stations of the CBC are as similar today to private broadcasting stations as it is possible to be and yet at the same time they are not able to attract the audience.

**Mr. Fortier:** Why is that?

**Mr. Fenety:** Now that is a good question and I think probably the CBC would like to have that answer.

**The Chairman:** Well, Mr. Fenety, we are interested in your answer.

**Mr. Fortier:** We asked them yesterday.

**Mr. Fenety:** Why they don't attract audiences?

**The Chairman:** Yes.

**Mr. Fenety:** I think one, they don't attract audiences because they are not—and I am talking now of the O and O stations in any individual community—for one thing they are not really part of the community. Secondly, they are not a viable entity in the commercial market in spite of their great efforts to sell because there may be if you like and it may be an unfortunate choice of words—there may be some mistrust on the part of commercial firms wanting to invest money in a corporation which is already extracting two hundred million dollars a year.

**The Chairman:** Why wouldn't this mistrust apply to television as well? Obviously it doesn't.

**Mr. Fenety:** Well, then, you are into a horse of a different colour here because the basic audience of the CBC television network is comprised of private television stations. They are indeed providing the audience for the CBC network.

**The Chairman:** Well, I live in Toronto and on CBLT there is a great deal of commercial advertising.

**Mr. Fenety:** Well, I think the obvious answer there is that if we had possibly another private television station in Toronto then you would find...

**The Chairman:** But the point I am making, Mr. Fenety, is presumably the advertisers

don't mistrust the Corporation to the extent of not purchasing prime time in Toronto on the CBC.

**Mr. Fenety:** Oh, I would say that this would be a good buy for them in the marketplace one, possibly because they could buy it for less and two, because they are the second station in the market.

**The Chairman:** I would just like to be sure of the one thing you said. I don't put this question critically but do you believe that advertisers stay away from CBC radio because they mistrust?

**Mr. Fenety:** Well, one, they don't have any significant ratings in relation to their competitors and two, I say the point of mistrust.

**Mr. Fortier:** Do Canadian radio broadcasting stations—do you consider that the CBC, either the O and O or the others, are competitors with which you, the private broadcasters must reckon?

**Mr. Fenety:** I would say this, Mr. Fortier, that if I were to have competition I would much prefer to have the CBC.

**Mr. Fortier:** Do you view it as competition?

**Mr. Fenety:** Do I view it as serious competition?

**Mr. Fortier:** Yes.

**Mr. Fenety:** Well, not serious, no, because obviously the ratings have shown since the beginning of time that they are not serious competitors for the audiences.

**Mr. Fortier:** What about television, Mr. McGregor? Do you view the CBC as an important competitor with which the private TV broadcaster must reckon?

**Mr. McGregor:** I would answer that by qualifying first very carefully the fact that I speak now as a vice-president of an Association rather than in my position in Kitchener.

**Mr. Fortier:** Yes.

**Mr. McGregor:** The reason that I do that is so that I can apply the difficulties that some private broadcasters are having in this country where they are competing with CBC stations and having problems with the rates that the CBC are putting forward for advertising in the community which they must compete with. This is presenting a problem. However, I have heard many private broadcasters say to me that they would far sooner compete, and



**Mr. Fenety :** says—television broadcasters would far sooner compete with the CBC than with another private station.

One other point I would like to make at this time in regard to Mr. Fenety's point is that the CBC in Toronto, CBLT, runs number 1 and number 2 in nearly all time periods and it does this because it carries again—I make my point, or at least I try to make my point—I present a supporting argument, let's say, and the supporting argument is that CBLT in Toronto carries a great many commercials and with those commercials the chicken and the egg. Now, you tell me. I can't really tell you—the only thing I can give to you in addition to that argument is that when the station quite deliberately removes all commercials from a program, the audience goes down.

**Mr. Fortier:** Do you have figures to support that?

**The Chairman:** Is that television or radio?

**Mr. McGregor:** That is television.

**Mr. Fortier:** Do you have figures to support that?

**Mr. McGregor:** It's been done. What we have done, and a number of stations have done this and among them my own, is quite deliberately to put additional commercials into a program—that is a program that wasn't carrying or didn't have the popularity to attract advertisers, we have put commercials into those programs in an effort to see what would happen and the audience went up.

**The Chairman:** Does this concern you?

**Mr. McGregor:** Frankly no. I must say—I am a private broadcaster and my business is supported by commercial advertising. I am no more concerned about the fact that the public likes to know, likes to have the information that is provided in commercials. I feel no compunction about that at all any more than newspaper man does about the fact that he as or he can devote four, five, six,—as a matter of fact on the week-ends he can devote two sections of his newspaper to wants, which are nothing but commercials. Two all sections and those sections are well read.

**Senator Smith:** And well paid for.

**Mr. McGregor:** Indeed they are. That is why they are read.

**Senator Smith:** But you don't get anywhere on this.

**Mr. McGregor:** Right, it is a chicken and egg situation.

**Mr. Fortier:** If you wish to be consistent then and if Parliament wishes for Canadians to have a national broadcasting system which will be looked at, viewed by Canadians, then the CBC must go out and sell advertising?

**Mr. McGregor:** Quite right.

**Mr. Fortier:** Isn't that the logical conclusion?

**Mr. McGregor:** Yes indeed.

**Mr. Fortier:** But your point is you don't want them to have an audience?

**Mr. McGregor:** No, I am sorry—I don't think that is quite fair. I think that our point is that under the restraints and restrictions the Corporation finds itself in confusion as to what you mean and what the Act means when it says "national"—so you see, the importance I think to Canadians is that "national" should mean coast to coast, east to west. I think that is what "national" means but there has never been a proper definition in any of the Broadcasting Acts whether "national" means public or whether "national" means coast to coast. It is the belief I think of our Association, and we have made this a point in a number of policy statements, that "national" means coast to coast.

**Mr. Fortier:** But the national broadcasting service should be extended to all parts of Canada?

**Mr. McGregor:** That national broadcasting service is at the moment either CTV or CBC.

**Mr. Fortier:** Well, I am sorry. The national broadcasting service is the CBC, not the CTV.

**Mr. McGregor:** That is your definition?

**Mr. Fortier:** That is the Act's definition.

**Mr. McGregor:** Well, the Act doesn't say the CBC.

**Mr. Fortier:** No, it does not but do you not agree that Section 2(f) is the section which in fact creates the CBC? "There should be established through a corporation established by Parliament for the purpose of a national broadcasting service that is predominantly Canadian in content and character." It goes on to say the national broadcasting service should—surely that is the CBC?

**Mr. McGregor:** That corporation could just as easily be the National Film Board or



another program corporation which has nothing to do with broadcasting—that is with the actual transmission.

**Mr. Fortier:** Well, the National Film Board is surely not a national broadcasting service?

**Mr. Crépault:** I think that 2(f) would suggest that a national service is to be provided by a corporation. It doesn't exclude—and I understand Mr. McGregor's point—it doesn't exclude the fact that a national service can also be provided by a private broadcasting undertaking.

**Mr. Fortier:** Yes, I agree.

**Mr. Crépault:** I agree with you in this case that a national service is to be provided by the Corporation.

**Mr. Fortier:** I take your point and I agree with it that there is nothing which prevents a network...

**Mr. Crépault:** Well, I think that Mr. McGregor was probably concerned with the fact that you were suggesting that the only corporation in a position to offer a national service was the CBC.

**Mr. Fortier:** No, I was not.

**Mr. Crépault:** It was a self-protective reaction.

**Mr. Fortier:** On that point I will cease being overly legalistic. Do private broadcasters in Canada for which you speak feel bound by the directive of 2(g) and 1, 2, 3, 4?

**The Chairman:** You might tell us what that is, Mr. Fortier?

**Mr. Fortier:** Those are the...

**Mr. Crépault:** Those are the—to the extent that (g) refers to (f) then obviously it refers to the CBC.

**Mr. Fortier:** Yes, but do you feel that you yourselves should also do what the CBC is asked to do?

**The Chairman:** I think it might be useful to the rest of us Mr. Fortier if either you or Mr. Crépault would tell us what 2(g) is?

**Mr. Fortier:** Well, 2(g) says:

"The national broadcasting service should:

1. Be a balanced source of information, enlightenment and entertainment for

people of different ages, interests and tastes covering the whole range of programming in fair proportion."

Let us just take that one as an example. Do you think that a private television network—and I use private network purposely—do you think that a private television network should also be bound by this provision?

**Mr. Crépault:** You are asking me a double question there. If you are talking about 2(g), 2(g) refers to the national broadcasting service mentioned in 2(f). To that extent we are talking about a corporation. If you are asking what is the duty and the obligation of the private national network then I would like to refer you to 2(b) which says:

"The Canadian Broadcasting System should be effectively owned and controlled by Canadians so as to safeguard, enrich, and strengthen the cultural, political, social and economic fabric of Canada."

**Mr. Fortier:** That is your legal definition?

**Mr. Crépault:** That's right. Now, within that general context you could argue this includes a balanced service and so on. It doesn't really specifically refer to 2(b) which I think refers specifically to the Corporation.

**Mr. Fortier:** We had occasion to discuss with the CRTC last week that there is only the CBC which is shouldered with the responsibility of contributing to the development of national unity and providing for a continuing expression of points of view...

**Mr. Crépault:** I don't agree with that, Mr. Fortier. I don't agree with that statement because then in that case you are practically emasculating the meaning of 2(b).

**Mr. Fortier:** Well, in the words in which the legislature spoke...

**Mr. Crépault:** Well, if you use the words in my language whether it is in French or English—if you use the words "to safeguard, enrich and strengthen the cultural, political, social and economic fabric of Canada", if you are not talking about unity I don't know what you are talking about.

**The Chairman:** Well, in fairness to the witness and so that we don't allow two legal minds from Montreal to allow our hearing to degenerate into a highly legal discussion, I would point out to Mr. Fortier that the point

that Monsieur Crépault has just made is the point Monsieur Juneau made...

**Mr. Fortier:** Yes, it is. I am glad to have it made by Mr. Crépault.

**Mr. Crépault:** Well, Mr. Juneau and I agree on this point.

**Mr. Fortier:** Well, you have made it and it is clear in my mind. Coming back to briefly, Monsieur Crépault, I would like to see if I understood your earlier answers which were further gone into by Messrs. Fenety and McGregor. Should Canadians have a choice of looking at a certain percentage—minimum percentage of Canadian content, should they be forced to look at a minimum Canadian content?

**Mr. Crépault:** Not only should they not be forced but I don't think you could force them if you wanted to.

**Mr. Fortier:** I am sorry, I don't think I understood you.

**Mr. Crépault:** Not only should they not be forced but even if you wanted to force them I don't think you could.

**Mr. Fortier:** So that this 55 or 60 per cent minimum content will not work?

**Mr. Crépault:** Not on the basis of that particular type of approach.

**Mr. Fortier:** What should the approach be, Mr. Crépault, then?

**Mr. Crépault:** Well, I think then I would refer to the basic proposal on which we have been working in recent months. It comes back to you know to the competitive aspect. As I said, whether we are talking about broadcasting or any other field, if you want to recapture for instance Canadian undertakings, Canadian enterprise, if you want to have a Canadian film industry and a Canadian recording industry, let's face it, we have to be competitive. We talk about broadcasting, we talk about Canadian programs, in order to be competitive with U.S. but not only with the United States but in a few years we will have to be competitive with other programs. Sweden, the Scandinavian countries, France, they are in the process of producing programs for television. It is as easy for Lorne Green to speak Japanese as much as Hindu or that matter. It takes money and these governments are prepared to put that, to use popular expression, to put their money

where their mouth is. I think that we have reached that kind of crossroads and on the basis of the present structure I think we will never be able to make it.

**The Chairman:** Does the American government put their money where their mouth is?

**Mr. Crépault:** Well...

**The Chairman:** In this context. Does the American broadcasting industry get help by the government?

**Mr. Crépault:** They have been helped tremendously in my view.

**The Chairman:** How?

**Mr. Crépault:** Because the U.S. Government has allowed groups like CBS and NBC to become very powerful, very wealthy and thus very efficient and very productive. I think that alone is a capsule answer, to my point of view.

**The Chairman:** But they haven't subsidized them, have they?

**Mr. Crépault:** Not subsidized in terms of grants.

**The Chairman:** But in France and Sweden they are actually subsidized, aren't they?

**Mr. Crépault:** Yes. I think that in Sweden for instance both the film industry and even for instance in the manufacturing of the automobile the government has helped. I sincerely believe that this is the answer. I am very concerned as a Canadian that if we keep on going along the present road, we can forget about being competitive and we can forget about Canadian culture. This is why I think that early action is required on this. I am also convinced with the kind of money—we are not even talking about additional money—just with the money which is now being credited to this kind of undertaking we have a fantastically good weapon in our hands provided it is properly used.

**The Chairman:** Let's talk radio for a moment. How does private radio contribute to Canadian culture?

**Mr. Crépault:** Well, if you will allow me for a moment to come back to maybe a more particular case. I look at my own experience and as you know I came into broadcasting through—if I may use this word—"the back door" I guess by accident.



**Mr. Allard:** Lawyers have a way of doing that.

**Mr. Fortier:** By the back door or by accident!

**Mr. Crépault:** Well, Mr. Fenety mentioned a figure of about 85 per cent of all Canadian radio programming of private stations as Canadian. I would think...

**Senator Smith:** Outside of music.

**Mr. Crépault:** Yes, but music averages about 20 or 25 per cent over the whole day's programming.

**The Chairman:** May I just pursue that for a moment. I find that a startling statement. I would be delighted to be corrected but is it only 20 to 25 per cent?

**Mr. Crépault:** On the average.

**The Chairman:** What do you mean by average?

**Mr. Crépault:** Well, because there are stations which have a lot of talk shows.

**The Chairman:** Oh, I misunderstood you. Let us talk about Mr. Fenety's station which is in Fredericton. Would music only be 20 to 25 per cent of your station?

**Mr. Fenety:** Well...

**The Chairman:** Well, it is perhaps unfair to single out individual stations because we are not dealing with individual stations...

**Mr. Fenety:** I don't mind.

**The Chairman:** No, but perhaps it is an unfair question but if Mr. Fenety doesn't object—is yours 25 per cent only in music?

**Mr. Fenety:** I would say that sometimes Mr. Chairman it would run as high as 40 per cent but this depends upon the day and the developments of the day—whether it is political or whatever. News certainly is a predominant feature in private broadcasting. We have news on the hour and half hour and so on, and stations as Mr. Crépault says who employ the open-line technique certainly log up hours a day so I think that we can only take an average when we talk about private broadcasting. I would think that 25 to 30 per cent would certainly be the average.

**Mr. Crépault:** Twenty or thirty per cent, you know, across 24 hours—a full day, 24 hours of operation, so it means that you get

at least 70 per cent which consists of other programming besides music; that includes a very extensive news service. I think that private radio broadcasters in Canada have done a tremendous job in that field. For instance, many people ignore the fact that the private broadcasters have at the moment at least five voice services, which are privately financed and supported by them with correspondents on the Hill here and correspondents in the various provincial capitals. We have very extensive public affairs programs. I am sure it is known by all of you that practically every member of Parliament reaches his community through facilities offered to them by the private radio stations. There is also of course entertainment, because entertainment and information are obviously the two main purposes of private broadcasting, so in effect I think there has been a very extensive contribution to the Canadian entity or the Canadian identity concept. It must have been very successful because in fact private radio in Canada has resisted extremely well the impact or the intrusion of U.S. radio.

**The Chairman:** Why?

**Mr. Crépault:** Simply by the fact...

**The Chairman:** Why do the people in Toronto who have access to all kinds of American radio signals not listen to them?

**Mr. Crépault:** Mr. Chairman, it is because they like it. It is as simple as that. This again is where personal discretion is exercised.

**Mr. Fortier:** Could it not be because you give them the same sort of music as the American stations give them anyway?

**Mr. Crépault:** This isn't true. If it was the same why wouldn't they listen to U.S. stations then?

**Mr. Fortier:** Because they would rather get their Canadian information on the half hour.

**Mr. Crépault:** Well, when you deal with this kind of intangible merchandise as I call it you cannot just put it in water-tight compartments. The effectiveness of a radio program or a television program is really the package—I have used that word before—the sound, the music, the news, the public service and so on.

**The Chairman:** Senator McElman? Do you have a supplementary question?



**Senator McElman:** Yes, Mr. Chairman. This is apropos something which Mr. Crépault said a moment ago. You said that many or most of the M.P.'s reach their constituencies...

**Mr. Crépault:** I said many members of Parliament.

**Senator McElman:** Reach their constituents through radio. The question I ask is, do they really reach? Are they in time periods where they do reach?

**Mr. Crépault:** Yes, my understanding is that they do, Mr. Senator. At least just from our experience here—I know that these reports from Parliament, because this is the title of the series, are extremely popular, at least from the reports we get from members of Parliament, they must be very effective otherwise I don't think that this series of programs would have gone on for years and years as has been the case.

**Senator McElman:** Are they programmed at hours when you really do have reach? This is what I am asking you.

**Mr. Crépault:** Well, from my personal experience I would think that these programs are usually broadcast at the very best hours because usually they are part of a program on public affairs and of course these programs as you know are usually during a period like the drive-home time, you know, which is probably the best hour, or the driving time in the morning, so they get I think, probably the maximum exposure.

**Senator McElman:** From the standpoint of radio, Mr. Fenety, would you comment on that?

**Mr. Fenety:** I would say it would vary, Senator McElman, from one end of the country to the other but basically the prime time of broadcasting on radio would be from 6.00 o'clock in the morning till perhaps 1.00 or 2.00 o'clock in the afternoon.

**The Chairman:** 6.00 o'clock in the morning?

**Mr. Fenety:** 6.00 o'clock in the morning, and surveys show this, Mr. Chairman, at least in my end of the world.

**Senator McElman:** We get up earlier, Mr. Fenety!

**Mr. Fenety:** There may be some ground for justifiable complaint but we have analysed this within the CAB and Mr. Allard would be most familiar with this. In our particular case

we have moved the report from Parliament Hill, I think, not more than three or four times over a period of some 20 odd years. They are now in what I consider to be a favourable position on a Saturday immediately following the major news cast.

**The Chairman:** What time is that?

**Mr. Fenety:** It would be 6:45 in the evening. Certainly that is the highest rated evening period with the exception of the program which follows, so I would consider that politicians in New Brunswick who make use of my station have an advantageous time.

Now, there may be some—and I think this could be argued from one end of the country to the other—that say that we should put politics in at the highest rated time period of the day. However, I don't think the private broadcasters would look very favourably on this.

**The Chairman:** I am going to suggest—you made a reference to Mr. Allard. I am going to make a request of Mr. Allard, then I am going to adjourn for a few minutes. It is my intention, Senators and gentlemen, if you are available, to carry on until 1:00 o'clock and we will adjourn at 1:00 o'clock and I think that being so, in fairness we should perhaps take a ten minute break now. Before we do Mr. Allard, I would be grateful if you would supply us if you could—I hate to add to your heavy workload because I know you have one but I would like a little more detail on these statistics—20 per cent of the CBC, was it, going into Canadian talent—20 million dollars, I am sorry, going into Canadian talent, and the private broadcasters doubling that to about 40 million dollars. Not at the moment but at your convenience after the hearing.

**Mr. Allard:** We can arrange that.

**The Chairman:** Yes, I believe it would be terribly interesting to the Committee.

**Mr. Fortier:** Could I wrap it up with one question?

**The Chairman:** Well, it is not a wrap-up. I am going to adjourn, that's all.

**Mr. Fortier:** Mr. Crépault and his colleagues have been very eloquent and very forthright in their views but I still don't understand if you are advocating the abolition of the CBC as we know it today?

**Mr. Crépault:** We are advocating a reorganization of the CBC.

**Mr. Fortier:** But your Canadian program production suggestion would do away with the CBC, would it not?

**Mr. Crépault:** Well, you could use the CBC and re-adapt it, transform it into a production centre.

**Mr. Fortier:** But the CBC should not be in competition with private broadcasters?

**Mr. Crépault:** That is a fair statement.

**The Chairman:** I would like to adjourn now—it is twenty-five after eleven and if the Senators will take note I would like to re-convene right at twenty-five to twelve, in ten minutes. Thank you.

—Short adjournment.

**The Chairman:** Honourable Senators, I'd like to call this session back in order please. Mr. President, I'd like to ask you why private broadcasting in the various categories do not belong to the CAB?

**Mr. Crépault:** I think the present membership at the moment represents about 98 per cent of all private broadcasting undertakings in Canada.

**The Chairman:** It does?

**Mr. Crépault:** Approximately, yes.

**The Chairman:** Now, I note you have a membership of 243 AM stations and on page 4.1 you say there are 252 AM. stations. I imagine there are 19 AM. stations who don't belong, there are 8 FM stations who don't belong, and there are 5 television stations who don't belong. You say that roughly works out to 98 per cent?

**Mr. Crépault:** Yes.

**The Chairman:** Well, it doesn't much matter. The question I wanted to put is why don't they belong?

**Mr. Crépault:** I think that chiefly it is a matter of finances. First of all in terms of radio stations which do not belong, in most cases they are stations which are in pretty isolated areas which are also financially speaking marginal operations and the people operating their stations find it very inconvenient or difficult and too expensive to come to meetings and so on, so really they feel that even if the membership fee, is not exactly a substantial amount, in some cases it is just too much to make it possible.

**Mr. Allard:** Mr. Chairman, our figures seem to show that there are only two television stations that are not members of the CAB.

**The Chairman:** There are only two?

**Mr. Allard:** That is what our figures indicate.

**The Chairman:** Well, it is not what your brief seems to indicate, Mr. Allard. At page 1 you say that there are 52 television stations who belong—that is in 1.1 and at 4.1 in your brief you say there are 57 television stations in Canada.

**Mr. Crépault:** I think in my statement this morning, Mr. Chairman, I think I said there were 55 television stations which are members.

**The Chairman:** So this is wrong here?

**Mr. Crépault:** Yes.

**The Chairman:** Your organization is growing so quickly you can't keep up with it!

**Mr. Crépault:** Yes, it is growing from day to day.

**Mr. Allard:** As a matter of fact the Chairman is quite correct, Mr. President. The figures were accurate at the time when this brief was printed—it is 55 now.

**The Chairman:** So that there are two that don't belong?

**Mr. Allard:** That's right.

**The Chairman:** Just who are they, out of curiosity?

**Mr. Allard:** Dawson Creek, British Columbia and New Carlisle, I think.

**Mr. Crépault:** Which confirms I think what I was saying about the remote areas and more or less marginal operations.

**The Chairman:** Is it true, Mr. Allard, that your annual convention has been cancelled this year—postponed or delayed?

**Mr. Allard:** I am not sure, Mr. Chairman, that postponement is correct. They have certainly changed the date and the location. I think it is a little earlier than that originally planned.

**The Chairman:** Why?

**Mr. Allard:** Our membership felt, Mr. Chairman, that under the circumstances it



might be more expedient to meet in Ottawa this year at a date immediately preceding the CRTC, public hearings.

**Mr. Crépault:** If I might perhaps enlarge on this...

**The Chairman:** Yes.

**Mr. Crépault:** ...in order to get the picture very clear. As you know, the CRTC came out with proposed regulations indicating their hearings on these regulations were to take place on April 14. Our annual convention was scheduled to take place in Halifax on April 19. In my view and in the view of the directors of the Association these proposed regulations were very far reaching proposals which could in fact affect broadcasting in Canada for many, many years to come and we felt therefore these were the kind of issues on which we should definitely seek the views of the membership. We suggested to the CRTC that perhaps they could find a way to postpone their hearings on this so that we would have the chance at the annual meeting in Halifax to consult the membership. However, the CRTC indicated that they were operating under such a tight timetable that they had to proceed with the hearings as planned on April 14.

**The Chairman:** So that hearing is on the 14th of April and your meeting is here on the...

**Mr. Crépault:** On the 10th, 11th and 12th.

**The Chairman:** Is that a special meeting or is it your annual meeting?

**Mr. Crépault:** No, it is just our annual meeting but as you may well assume I think that the major topic at this annual convention will be the regulations.

**The Chairman:** Yes, it is likely to be raised!

**Mr. Crépault:** Yes, I believe so.

**The Chairman:** I would like to read you a quotation from Bob Blackburn's column in the *Telegram* on February 27 and ask you to comment. He begins by talking about this postponement, then he concludes his column in this way:

"Let's take this into account. The CBC is the public network, and might reasonably be assumed to know what's going on. Ch.9—CFTO-TV—and for Pete's sake, will you forget for a moment that it has

roughly the same ownership as this newspaper which fact is irrelevant to this discussion) is in most ways THE private station in Canada.

Both the CBC and Ch. 9 are right now funnelling their considerable resources in the direction of complying with the proposed regulations. I'm not a gambling man, but I would say it pays to look at what the smart money's doing. The CAB, which probably is functioning as a trade association feels it must, and all others are tilting at windmills."

Would you comment on that?

**Mr. Crépault:** Well, the first comment, Mr. Chairman, is that we are a regulated industry and this is a fact of life. Really, whatever regulations might be promulgated by the CRTC we just haven't got any choice: you just have to comply. The alternative is to lose your licence and obviously as a matter of survival, whatever regulations are eventually promulgated by the CRTC must be complied with by any broadcaster in Canada. Now, at the same time the CRTC has called for public hearings to give a chance to anyone in Canada, and I would like to believe especially broadcasters, to comment on the regulations, which means obviously that they are anxious to get some reactions and some comments and of course we are planning to indicate to them in a general context that from our point of view we feel that the strict implementation of the proposed regulations as they have been submitted could create a very serious situation for private broadcasting in Canada.

**The Chairman:** Are you doing that, Monsieur Crépault, tilting at windmills?

**Mr. Crépault:** Well, you know, this is Mr. Blackburn's wording. Frankly I have more faith in the CRTC than Mr. Blackburn seems to have. I think the CRTC is composed of reasonable and intelligent people and I think they have asked for comments and I presume it is because they are prepared to listen to representations and if they come to the conclusion that some amendments must be made, obviously they will make them.

**The Chairman:** Mr. Fortier?

**Mr. Fortier:** If those proposals become regulations, you forecast some very hard times indeed for some members of your Association. Is that correct?



**Mr. Crépault:** Yes. I think I should make it clear that nobody quarrels with the basic principle. I think that my earlier comments this morning have made it clear that nobody questions or quarrels with the objectives of trying to maintain the Canadian identity and one of the elements of this was the Canadian culture, Canadian heritage and so on. On this score I think the CRTC and the CAB and practically every other Canadian is in agreement.

**Mr. Fortier:** Could they just talk about it and not enforce it by regulations?

**Mr. Crépault:** Well, I would hope that what I have said so far would indicate that we are prepared to act on it. What I am inclined to question is really the approach; if you want me to go into detail of our reactions so far I would be quite happy to do it. With regard to radio for instance...

**Mr. Fortier:** We would like it if you could.

**The Chairman:** In fairness now we don't want to put you in a prejudicial position as far as the meeting on the 14th of April is concerned, so don't feel that you must comment on this.

**Mr. Crépault:** No, but in the case of radio you know it has already been public knowledge, in fact, our basic reaction. We are talking about 30 per cent Canadian music in every four-hour bloc. Well, in effect these regulations are not made for broadcasting. What they are trying to do with these regulations on radio is to create a Canadian recording industry. Let's face it, this is the purpose. I am afraid that once again we are facing a tradition of several decades—once again we are calling upon the private broadcaster and telling him, "You are going to create a recording industry and you are going to subsidize it." As I said the approach is completely wrong. I don't think this is the way you create a recording industry. What you are really telling the broadcaster is that you are going to keep on trying to be competitive and meanwhile we are going to tie both hands behind your back. This is my personal reaction and I speak very spontaneously and very frankly on this. When we wanted to create a Canadian film industry we didn't go to the cinema operators and tell them that "30 per cent of all the films that you are going to show are going to be Canadian films", because we all know what would have happened. They would have closed down shop. They would have closed down shop chiefly

because they are not licensed operators, you, know they are not a regulated industry, and this is really, as a Canadian broadcaster, what has bothered me in the past, to discover as I learn more and more about this business the contradiction which has always existed really between the basic principle that we have repeated in every direction about the fact that this is part of a national policy and that private broadcasting is an essential link, yet the actual deed doesn't seem to indicate that they really believe in that statement. Private broadcasting has been the target of very discriminatory action in Canada in the past 50 years.

**Mr. Fortier:** Could you give us instances of those discriminations?

**Mr. Crépault:** Well, you know, some of them have been heard before—as you know, we have been talking about a transmitter licence fee. When you are talking about a fee, usually it will be \$50 or \$100 as it was in broadcasting before, but now it is really a second income tax because it is based on the gross revenue of your station, so in effect—and it is the only industry to my knowledge which is taxed on that basis. We pay a double income tax.

Another indication I think of the kind of mentality which seems to have presided at the handling of private broadcasting, and I think I was personally involved in this. We were discussing the drafting of the Broadcasting Act—the one which is presently in force. There was a paragraph regarding the kind of fine which could be imposed in the case of default or error of omission on the part of a broadcasting station, and in the first draft that was brought to my attention I was astonished—in fact flabbergasted to find out that the maximum fine was \$100,000. Well, in the whole Criminal Code even for a case of fraud, the maximum fine is \$10,000. How do you explain this?

**Mr. Fortier:** What is this indicative of, Mr. Crépault?

**Mr. Crépault:** Well, I think it is indicative of a very disturbing state of mind somewhere which I find very difficult to reconcile. It took a very strong representation to obtain this concession that the maximum fine should be \$50,000.

**Mr. Fortier:** You say it is a sign of discrimination because the legislator said that the use of the public air waves by private broadcasters was so important that any

infringement of regulations concerning them would make the broadcaster liable to a fine of \$100,000?

**Mr. Crépault:** Well, it certainly shows a pretty hostile state of mind because in effect we all know that the CRTC can lift your licence any time that they want to. Why kill a fly with a hammer?

**Senator McElman:** The maximum here was for repeat infractions wasn't it?

**Mr. Crépault:** No, it could be for a one time thing. In some cases this would put the station out of business anyway, so why not just lift the licence? As I said it is not so much the mechanics as it is the reasoning. Then of course there is—I have mentioned it earlier this morning in my comments—you know the rate of depreciation and so on. We have had trouble, you know, to receive the same kind of treatment as the newspapers and yet if anybody needs depreciation in order to survive it is the broadcasting industry because there is nothing more expensive than electronic equipment. I can go on...

**The Chairman:** Well, I think you have answered, Mr. Crépault.

**Mr. Crépault:** You know, this is the kind of thing, and as I have already mentioned there have been many inquiries and so on, two of which were presided over by a person who in fact represented our main competitor, in pulp and paper you know. I have never heard of a Commission, and perhaps this is the first one, which is chaired and presided over by someone who at one time or another was connected with broadcasting. On two occasions this kind of Commission was presided over by someone who represented our competitors.

**The Chairman:** For ten long years!

**Senator McElman:** Mr. Chairman, I would like to clear up something that was left in doubt earlier this morning. I believe, Mr. Crépault, that in referring to Laugh-In you used the figure of 50 per cent—I think it was that the CTV had had this for 50 per cent less than what the CBC did purchase it for?

**Mr. Crépault:** You mean the Laugh-In program?

**Senator McElman:** Yes.

**Mr. Crépault:** Well, I gather that the year before—Mr. McGregor is more familiar with this—I think the year before the CTV had the

program—for which they paid—I don't know but let's say for example \$40,000, and the following year in order to be sure that they would have it the CBC came along and said "We will pay you \$80,000.", which of course disposed of the deal.

**Senator McElman:** Well, to get this whole thing in its proper perspective, what did CTV bid for it on the second round?

**Mr. McGregor:** If I might speak, Senator McElman—first, to understand the way film purchases or program purchases of any kind are made. Any popular program, even if it is produced by a local production company, usually has what they would call first options. These are given to the person who has been supporting it and this is a courtesy to these people. CTV had the first opportunity to make a bid for the upcoming year of the Laugh-In show and they bid 20 per cent higher than they had for the previous year because they were told by the people who were arranging the program rental that the CBC were very interested in it. The CBC then instead of just bidding higher than that, just virtually doubled the offer and there was no context because CTV being a privately operated network does not have unlimited funds at its beck and call.

**Senator Sparrow:** I am sorry, did they know your bid? Did they know the CTV bid?

**Mr. McGregor:** Yes.

**Senator Sparrow:** It wasn't a closed tender?

**Mr. McGregor:** No.

**The Chairman:** Do you think the CBC has unlimited funds?

**Mr. McGregor:** When it comes to something they want the CBC after all are in a position vis-a-vis CTV of operating in something of excess of ten times the budget, the annual budget.

**Senator McElman:** Well, what you have said then is that the CTV on the second round offered approximately \$48,000. Is this right?

**Mr. McGregor:** I am sorry, the figures are incorrect. Mr. Crépault merely put the figures as an example, because in fact if I might steal a moment to make a point ..

**The Chairman:** By all means.

**Mr. McGregor:** Canadian production of a comparable hour of course would be vastly



greater than the cost of importing a program whether it be from the United States, Britain, France or wherever. I make that point only because I am sure you are liable to get into that kind of a discussion and I would like to correct it. I guess Mr. Crépault has the precise figures.

**Senator McElman:** Well, I understand that CTV originally got Laugh-In—it was a new program?

**Mr. McGregor:** That is correct.

**Senator McElman:** And from this trial period it shot up to No. 1 and they had it at approximately \$40,000?

**Mr. McGregor:** Well, that isn't quite the case.

**Mr. Crépault:** I used that as an example. Actually I gather that the CBC did pay \$3,500 more per week than the CTV had paid the previous year for a total of \$140,000 per year.

**The Chairman:** How much more per week were CTV prepared to pay?

**Mr. McGregor:** It was about 20 per cent higher than they had been paying. It was a substantial increase.

**The Chairman:** Senator Sparrow, do you have a supplementary question at this point?

**Senator Sparrow:** I am just wondering, when you say or accuse the CBC of paying that much more, could they have merely got it for a dollar more or a hundred dollars more or one thousand dollars more than the CTV had bid?

**Mr. McGregor:** Well, there of course you are in the—in the film business—the film business is a very interesting business. The approach that any film salesman uses, whether he is selling Canadian programming or whatever, is always that he has a can of film and he wants to rent it and he simply wants to get the best possible price for that can of film. It is not like a pair of shoes where you know exactly what your manufacturing costs are and you know exactly what your profits should be and your sales expenses and so on. The purpose is you have so many films in your library that you wish to sell, so many programs, so many video tapes or whatever, and your job is to get the best possible return on the inventory that you have on hand and you may have to make more on the very popular shows so that you can afford to sell

the less popular shows at a considerably lower figure.

**Senator Sparrow:** Would the CBC sell that program at a loss then? The reason I ask this question is because they have been accused of buying programs and then selling them at a loss. I would assume though that probably CTV must have to do this in some cases—you can answer that as well—but by having paid such a high price in relation would they have sold that?

**The Chairman:** I am quite prepared to let Mr. McGregor answer the question if he wants to but I would point out to Senator Sparrow that many of these people are familiar with the CTV. Objectively speaking there is a subsequent CTV hearing and maybe that question should better be put to CTV rather than to CAB. You may answer that if you want to but if you would prefer to have us put it to the CTV people...

**Senator Sparrow:** Well, I am talking principle. You know, we are not getting accurate figures.

**Mr. Crépault:** Well, it is known of course that the CBC is sometimes in a better position to afford to get sponsors even at prices less than the cost, and there have been complaints on the part of private stations on this, that they are being underpriced by the CBC. This is another point on which this remaining 180 million is being spent.

**The Chairman:** I would like to ask you a question on Professor Tebbel's comment. You quote him on page 2. He starts off by saying "Among the middle class especially..." I would like to know what Professor Tebbel meant what you have in mind Mr. Crépault, when you use the phrase "the middle class". Just what exactly is the middle class? Giving you a starting point, would you say that the average employee working in private broadcasting—I am not talking now about the owner or proprietors—but is the average employee part of that middle class?

**Mr. Crépault:** I would think so, generally speaking, yes. These people are usually in position to enjoy a relatively comfortable standard of living.

**The Chairman:** Because the average wage from the figures you have given us, as I recall, is \$8,000. The average employee working private broadcasting makes \$8,000 a year and presumably that includes everybody from



operators to stenographers to receptionists and highly paid newscasters.

**Mr. Crépault:** Well, as an average, that is a pretty good figure.

**The Chairman:** So when Professor Tebbel refers to "among the middle class" and you quote him at page 2, you were referring to people whose income is in the \$8,000 bracket?

**Mr. Crépault:** I wouldn't like to pinpoint it to a specific target. There are people who are really in a position to enjoy a really stable and comfortable standard of living and who are therefore perhaps nervous about any kind of event which might disturb that stability.

**The Chairman:** In the quote you gave us he said in one sentence: "There is a hatred that goes beyond simple disbelief, as though people were blaming the Press for the ugliness of life today. When middle-class citizens read about riots, the plight of the ghettos and the rise of black militants..." Doesn't this seem to you just a little bit American in context?

**Mr. Crépault:** I think you are right, Mr. Chairman, that this phenomenon has probably been more noticeable in the United States than in Canada so far.

**The Chairman:** Well, I was going to ask you that.

**Mr. Crépault:** Yes.

**The Chairman:** You anticipated my question. Why? Why is it more noticeable in the United States?

**Mr. Crépault:** I think it is because the social problems in the United States have been definitely more acute especially in their manifestations than they have been in Canada so far.

**The Chairman:** Yet don't we have greater incidence of poverty in Canada than they have in the United States on a percentage or per capita basis?

**Mr. Crépault:** I didn't think this was the case.

**The Chairman:** I have only one other question on this, then we can get on to other matters. In your opening statement I think you were quoting Professor Tebbel somewhere in his speech where he talked about the people wanting to shoot the messenger or the person who brings the bad news. You said you hoped that our Committee might make

some recommendations in this area to do something about this. May I put the ball back in your court? What do you think is the solution to this problem?

**Mr. Crépault:** I think it is really a matter of education, of making people aware of the fact that the messenger is not the newsmaker and it is the duty of the messenger to simply bring the news, and I think that the people have to be educated in such a way as to be aware that in fact if there is a violence around them it is in part an essence of their community or the society in which we are called upon to live.

**The Chairman:** Shouldn't the private broadcasters explain that to the people?

**Mr. Crépault:** Well, we are doing it.

**The Chairman:** Are you?

**Mr. Crépault:** Yes.

**The Chairman:** You do in-depth material?

**Mr. Crépault:** Yes, and this is why we are now bringing it up in a forum like yours.

**The Chairman:** Do you do as much in-depth public affairs programming as for example the CBC?

**Mr. Crépault:** Well, I am inclined of course to think in terms of radio and I am inclined to think of my own radio station. We do every day a number of programs on that very trend.

**The Chairman:** Well, I am familiar with your radio station and I was asking more generally?

**Mr. Crépault:** In general I think Mr. Chairman we can say that there is certainly an increasing effort on the part of private broadcasters to do that kind of in-depth study for programming. In terms of social trends, social problems, we do this very much indeed.

**The Chairman:** Mr. Fortier?

[Translation]

**Mr. Fortier:** Mr. Crépault, your Association, the Canadian Association of Broadcasters, groups stations, does it not?

**Mr. Crépault:** Right.

**Mr. Fortier:** There is one vote per station. Is there also an executive committee with special powers?

**Mr. Crépault:** There is a 19-member Board of Directors. There is also an appointed Executive Committee whose members are chosen by the President. That Committee is appointed each year and usually consists of the two Vice presidents for television and radio. In addition there are also two other members, one of whom is usually the Past President.

**Mr. Fortier:** Do all decisions of that committee have to be ratified by the Board of Directors?

**Mr. Crépault:** Not necessarily. In fact the practice is that when there is a problem submitted to the Board of Directors, very often after setting the guidelines and general policy, they will refer the question to the Executive Committee with orders to follow its guidelines.

**Mr. Fortier:** As an association, do you meet often or is there only the annual meeting?

**Mr. Crépault:** No, meetings are frequent because of two favourable factors. First of all, you have the CAB. Naturally that is a national association and there are also regional associations. There is the AAB, the Atlantic Association of Broadcasters; the ACRTF which groups the French stations, the CCBA which represents Central Canada, the WAB which is the Western Association of Broadcasters and the BCAB which represents British Columbia.

**Mr. Fortier:** What is the affiliation between those groups and your Association?

**Mr. Crépault:** They are all affiliated with the national association and each regional association is asked to send a certain number of candidates as directors of the national association. It can be taken for granted that each broadcaster went through a regional association before attaining a position with the national association.

**Mr. Fortier:** I have read the goals of the national association of which you are President. As in most cases, I did not learn anything I wanted to know. What exactly do you do, other than hold meetings and present briefs to various committees, etc.?

**Mr. Crépault:** What we have done for the past few years is mainly tried to defend ourselves and survive. Indeed that is true. There has been a demand for the Association's services which has been growing, especially since the end of the last world war,

because of committees and so forth. Let us say that that is the survival aspect.

There is also very probing work being done by the Association in co-operation with government agencies. For that reason, the Association is practically represented on each of the government committees dealing with a question related to broadcasting either directly or indirectly. At the present time you know the Department of Communications has a great many studies underway in the field of communications and it asked us to have a representative on each of those committees. Naturally we agreed to that request. Immediately you have work in co-operation with government authorities. At the moment there are studies taking place on the question of copyright. There also, we provide representatives who draw the attention of the government officers who are studying the question on the applications of such and such a piece of legislation from the point of view of private broadcastings.

**Mr. Fortier:** Do you undertake research work?

**Mr. Crépault:** We make studies. Furthermore that is necessary because of what I have just said and because our representatives on those committees and commissions would hardly be in a position to participate effectively if they did not have some material and research behind them. Indeed, I believe that the Association's budget is in the order of half a million dollars.

**Mr. Fortier:** What membership fees do you charge each station to join the Association?

**Mr. Crépault:** It goes according to categories which is based on a station's gross revenue. The most a radio station can be charged is \$300 per month. So, the other fees are less. In some cases, it has happened that stations in a rather unstable financial position have requested a special rate for a period of one or two years. Naturally, that has been granted.

**Mr. Fortier:** Is it not a fact that the licence fee which you have to pay, which each station has to pay, occasionally is less than the cost of Association membership?

**Mr. Crépault:** No. I do not think so. You are talking in terms of the transmitter licence fee. That transmitter licence represents a minimum revenue of \$3 million per year.

**Mr. Fortier:** The scale...?



**Mr. Crépault:** The scale does not correspond at all.

[English]

**The Chairman:** Describing the function of your organization—I may have missed it but did you mention the Radio Sales Bureau?

**Mr. Crépault:** No.

**The Chairman:** You might describe those very briefly for the Senators.

**Mr. Crépault:** Well, there is a number of what I would call agencies which are directly or indirectly connected and sometimes even financed by the Association which play a specialized role. As the Chairman has mentioned there is the RSB which is the Radio Sales Bureau, and really if you would ask me to describe briefly the purpose of the Radio Sales Bureau it is to make advertisers, any kind of Canadian advertisers, conscious of the advantages of advertising on radio, and the people more conscious generally of the advantages of radio advertising. Of course it is the equivalent of TSB which is the Television Sales Bureau. There are also other—I am using the word agencies but I am using the word agencies in a very wide term. For instance, an organization called The Program Exchange which is really a clearing house located in Toronto and which really does the work of a clearing house. If one of my stations for instance produces an interesting program we send it up to the Program Exchange in Toronto and they make copies of it available free of charge to any other station which wants it, and it is the same for television.

**Mr. Allard:** This one is an internal division of the Canadian Association of Broadcasters.

**Mr. Crépault:** The status, the legal status might vary.

**Mr. Fortier:** Well, would it be fair to say, and this is not intended as a critical question, that the CAB is a lobbyist organization?

**Mr. Crépault:** I am prepared to answer yes if I was a little bit more certain of what you mean by a lobbyist?

**Mr. Fortier:** Well, what I mean by that...

**Mr. Crépault:** Obviously it is to—I accept the fact that the word lobbyist can be a very healthy name...

**Mr. Fortier:** It does not necessarily have a pejorative meaning.

**Mr. Crepault:** As President of the CAB I certainly have no qualms in admitting that one of my roles is to make sure that the Canadian governmental authorities are aware of the needs of the industry and to that extent I am a lobbyist and the Association is a lobbyist.

**Mr. Fortier:** Who acts as the lobbyist for the CBC then?

**Mr. Crepault:** I think their whole head office in Ottawa!

**Mr. Fortier:** Yes, I thought I would give you a chance to answer that. You have spoken both in your verbal presentation as well as in your written brief, Mr. Crépault, of the wide range of investigations and regulations applicable to broadcasting in Canada. You have not quite said it, so I ask you the question. Do you feel that the regulations are excessive?

**Mr. Crepault:** Well, there again may I split your question in two. You are referring to investigating committees and you want to know whether I feel...

**Mr. Fortier:** My question should only deal with the regulations.

**Mr. Crepault:** I think we could have done with less investigating bodies to begin with. I think so. At the same time, I realize that broadcasting and communications is a very important and essential field in Canada and I understand the periodical desire of the Government to look into the matter, although I would have preferred certain of these investigations to have taken place in a different context and a different atmosphere.

With regard to the regulations, I think that I probably reflect the view of the majority of broadcasters in Canada, private broadcasters, when I say that in effect regulations have been somewhat excessive.

**Mr. Fortier:** Would you give us some examples?

**Mr. Crepault:** Well, if you are talking about the actual proposed regulations at the moment, I have indicated to you—I think there is a tendency in this particular context to confuse quality and quantity and it brings me back to the distinction I made about approaches. There seems to be an underlying feeling that you can really exercise some sort of control on the personal discretion of the Canadian individual as to what he wants to hear and what he wants to see. I think that



because of this apparent assumption that you can really force Canadians to take one route rather than another in this particular intangible area that there has been an excess of regulations.

**Mr. Fortier:** Is this the area with which you are mainly concerned when you say that it has been excessive?

**Mr. Crepault:** Yes. I think it is because of the underlying approach which seems to be reflected by these regulations.

**Mr. Fortier:** Should there be regulations at all on broadcasters in Canada?

**Mr. Crepault:** Well, let me talk about radio. Frankly, I doubt whether there should be any regulations, at least with regard to this Canadian content approach, because I think it really has been one truly Canadian industry in Canada. I think it has been Canadian radio. Unless there is a definite evil or a definite disease to be cured I think you might as well leave the patient in all tranquility and peace. This would be my normal approach to it.

**Mr. Fortier:** You don't think it is necessary to have a quasi-judicial body such as the CRTC?

**Mr. Crepault:** No, I didn't say that.

**Mr. Fortier:** To oversee the broadcasters?

**Mr. Crepault:** Well, I accept the fact that it has to be a regulated industry, nobody is questioning this.

**Mr. Fortier:** You do?

**Mr. Crepault:** Yes. I also recognize the fact for instance that in some cases you need some guidelines obviously. I am not saying that all guidelines are wise and sound but at the same time I know for instance, as I have mentioned, that there are some kinds of products which we can't advertise but in some cases it is fully justified and in other cases I think it comes back from perhaps our old puritan background.

**The Chairman:** Can you give us an example of what kind of products you think you shouldn't be able to advertise?

**Mr. Cr pault:** At the moment for instance we cannot advertise securities.

**The Chairman:** Do you think that is desirable?

**Mr. Crepault:** Well, we are talking about buying back Canada you see, and if we want Canadians to be aware—I am thinking at the moment especially of the part of the country where I come from—there is a whole education to be made, as Mr. Fortier said, about making the people conscious of what it is to invest in our country—in Canada. And at least from our point of view I don't think there is a more effective medium than the electronic medium.

**The Chairman:** I was thinking of a product that you could not advertise?

**Mr. Crepault:** Well, we cannot advertise the securities.

**The Chairman:** Well, you said that there were some that you could not advertise and you agreed that that would be a good thing. What are some of those?

**Mr. Crepault:** That we cannot?

**The Chairman:** Yes.

**Mr. Crepault:** Well, there are some personal hygiene products but this is a matter of good taste.

**The Chairman:** Mr. Fortier?

**Mr. Cr pault:** Hard liquor for example.

**The Chairman:** Do you think you should be able to advertise hard liquor?

**Mr. Crepault:** Well, we have left that particular issue in abeyance for the time being, but we have had trouble, for instance—it has taken years and years to be able to advertise wine, and this is an example I think where our legislators have been influenced by the old puritan background in Canada.

**Mr. Fortier:** Are there any divisions within the Association between the CBC affiliated stations for example, and the other operators and if so how are these reflected?

**Mr. Crepault:** Well, there are no differences with regard to basic policy decisions of the Association. I don't recall any specific situation where there has been, let's say, a real divergence of views. There could be different considerations—for instance the attitude of one station which may be a CBC affiliate station to one which is not. But I don't recall any particular instance where in fact that kind of approach has led to a basic divergence of attitudes or policies on the part of

the Association, which was very fortunate and I think which indicates maybe the flexibility of minds of private broadcasters.

**Mr. Fortier:** The one-station, one-vote policy, does this not tend to favour the networks?

**Mr. Crépault:** No, because I think there are far more stations which don't belong to a network than those which belong to a network, and the number of stations which belong to the CTV network is a relatively small number. I believe there are just twelve.

**Mr. Fortier:** You have never encountered any problem at that level?

**Mr. Crépault:** No.

**Mr. Fortier:** May I just turn to the concentration of ownership aspect of your submission, Monsieur Crépault. On page 8 of your brief you say more or less in conclusion:

"It is our submission that no field of endeavour is less subject to monopoly or the likelihood of it than communications."

My question is this. Do you feel that the diversity of media to which you referred is sufficient to provide for adequate access to meet public expression in all local areas in Canada, or are there areas where your Association as an Association would suggest some safeguards?

**Mr. Crépault:** Well, if you are talking about group ownership of electronic media or broadcasting undertakings, I can't think of any particular area where special safeguards would be required as an Association. There may be areas where there could be cross ownership between broadcasting undertakings and newspapers, but I don't think to my knowledge that the Association really feels that there is any particular case where special safeguards would be required.

**Mr. Fortier:** Your Association does not feel that this is essentially bad or it just has not pronounced itself?

**Mr. Crépault:** Well, the Association has pronounced itself on the basic principle of group ownership in the following sense. We feel that group ownership—and the experience is there by the way to support it—of course it is a matter of degree, but the basic principle of group ownership has been and especially in Canada will even become more important for a number of reasons. I think

that in general experience has shown that it can hire better people, it can hire more people, it can bring to the community which they are called upon to serve better facilities, and in this case I think we have made available to your Committee copies of this special study made by Professor Litwin and Wroth, the essence of which was precisely these conclusions. To that extent we feel that group ownership could have some very definite advantages.

**Mr. Fortier:** The CRTC has spoken, as you probably well know, of excessive ownership. What would be your definition of excessive?

**Mr. Crépault:** I don't think I can reply to this because I think every case has to be judged on its merits.

**Mr. Fortier:** You say they are all ad hoc cases?

**Mr. Crépault:** They are all ad hoc cases because you can have for instance a particular area where there is a group of stations but in each area where they have a station there is a competing station, so right away you have a built-in safeguard because there is an alternative. I think to that extent by the way that the CRTC and its predecessor the BBG has probably shown a better insight than its opposite number in Washington, the FCC which as you know has set some very specific limits. In other words you cannot own more than seven radio stations and five television stations, which I think implies a certain rigidity although it probably makes it easier for them to reach decisions, but at the same time I don't think it is as intellectually arrived at as it is in Canada.

**The Chairman:** Senator Kinnear?

**Senator Kinnear:** On page 2, paragraph 1 part 4, you say:

"In any event under the present legislation, no broadcasting transmitting or broadcasting receiving undertaking can operate without a licence from the CRTC. That tribunal can withhold or withdraw a licence at any point."

You have made this point many times this morning. It is a question whether multiple ownership or cross ownership has reached excessive portions. I wonder how many cases there are—how many stations there are like that across Canada under cross ownership and can you give us some examples?



**Mr. Crépault:** Well, there are as you know some corporate groups which own more than one station.

**Senator Kinnear:** Yes, but are there many?

**Mr. Crépault:** I think it is a fair statement to say that there is a tendency towards a grouping of broadcasting undertakings and the names that come to my mind at the moment would be groups like Standard Broadcasting, Selkirk Holdings, Western Broadcasting, CHUM and...

**Senator Kinnear:** Is the trend to that more and more?

**Mr. Crépault:** I think it is, chiefly for the reasons I have mentioned. First of all the costs of operation are really going up steadily. I remember when I first went into broadcasting for instance; in effect you could really think of starting a radio station with perhaps as little as \$25,000, perhaps really build it up from there. I haven't seen really any new radio stations in the last year or so and I think one of the reasons is probably because you just can't start a radio station with less than several hundreds of thousands of dollars. The electronic equipment is becoming more refined and as a consequence it is becoming more of an expense.

There is also another aspect which I think is worth mentioning and this is in the field of news. The isolated independent station cannot afford obviously to have correspondents in Ottawa and in the provincial capitals or in the States or abroad. A group of stations can do it however.

**The Chairman:** Couldn't that be done co-operatively?

**Mr. Crépault:** Yes, but you see...

**The Chairman:** Couldn't your organization do that on a co-operative basis?

**Mr. Crépault:** But then you set aside the competitive elements that might exist between a certain group of stations—in other words you don't want to create uniformity.

**The Chairman:** I am not sure that you answered Mr. Fortier's question. Perhaps you did to his satisfaction but not to mine. How much concentration is too much—I mean what is excessive concentration? You used the example of the United States...

**Mr. Crépault:** Where it is automatic.

**The Chairman:** Where it is automatic, but I am sure you will agree there are how many times more broadcast facilities there—five, six, seven times—I don't know. Would you be happy to see all the private broadcasting outlets in Canada owned by one person?

**Mr. Crépault:** Of course not.

**The Chairman:** Then, where do you draw the line?

**Mr. Crépault:** I don't think I can draw the line unless you give me a specific case.

**The Chairman:** Well, I have given you a specific case—if one owned them all.

**Mr. Crépault:** I would say no.

**The Chairman:** Well, all right, if two people owned them all?

**Mr. Crépault:** I would say no again.

**The Chairman:** Where do you say yes?

**Mr. Crépault:** Well, if you want me to give you examples where the CRTC has taken a stand on this, then I will. We know for instance that in a number of cases the CRTC has refused applications because they felt that in their minds it had reached the degree of excessiveness.

**The Chairman:** Have you agreed with all those CRTC judgments?

**Mr. Crépault:** As President of the CAB I find it very difficult to say yes or no, because I represent an Association.

**The Chairman:** Well, I don't want to put you in an unfair position, but you would agree presumably then that concentration in broadcasting can become excessive?

**Mr. Crépault:** Oh, by all means.

**The Chairman:** Okay.

**Mr. Crépault:** I mean, if I were to own all the radio stations in French Canada that would be excessive obviously.

**The Chairman:** Perhaps I missed this answer and I apologize because I perhaps was writing a note, but how did you answer the question on a local monopoly? I am referring specifically to 5-14 in your brief at page where you say: "One sometimes hears expressions of concern about possible monopoly in communications." Then I do recall Mr. Fortier quoting the next sentence. Don't some broad



casting stations have a local monopoly? Is that a healthy situation?

**Mr. Crépault:** It is my understanding, Mr. Chairman, that there are some small localities where in fact there is a tie-up between the newspaper and the radio station.

**The Chairman:** Is that a healthy thing?

**Mr. Crépault:** It depends on the policies of the owner.

**The Chairman:** Well, that is a good answer.

**Mr. Crépault:** Well, I think it is really, and there is also the practical situation. You may have a choice between that kind of situation or having two competing media which could not be economically viable, so there are some practical considerations coming into play.

**The Chairman:** You submit the brief by Professor Litwin and the Committee is familiar with it. We were aware of it prior to our study—I won't say that all of us have read it but I studied it, but you say in discussing this there are certain factors not that much different in Canada. Aren't there really some different factors in Canada than in the United States in terms of this being a valuable study, a useful study but as we read it shouldn't we be mindful of the fact that it is an American study and that this is Canada? I don't say that in any nationalistic sense but rather in the sense the problems are here. I think it is an American study and the problems here are different.

**Mr. Crépault:** It is an American study and I think that some of the factors which they have studied and examined might not be completely applicable in Canada but at the same time, as I have read this document a number of times, I became increasingly aware that the basic issues were pretty much the same. I feel also that the gap, the difference between U.S. and the Canadian situation is decreasing.

**The Chairman:** One of the conclusions which you quote here is that single owners are more concerned with short term profit while common owners are more concerned with establishing a reputation for service. I would remind you that by your brief almost half of your members are single owners; 47.2 per cent are single owners. Do you think that the group owners are better broadcasters than those single owners?

**Mr. Crépault:** No, I don't think it should be taken in that sense. My interpretation of that

sentence means that in a group ownership you are in a position to hire more professional people and to that extent you are really able to plan for maybe a longer haul than the individual broadcasting operator who has immediate problems of survival and so on and whose means of course are far more limited.

**The Chairman:** Again he says: "Diversity and validity of news information are related to market size. In larger markets much greater diversity and validity are perceived." Is it not a fact that we have relatively fewer larger markets in Canada?

**Mr. Crépault:** Yes.

**The Chairman:** So that diversity and validity in news is desirable—I am sure we are agreed on that...

**Mr. Crépault:** Yes.

**The Chairman:** And it seems to me that this is a problem here where a...

**Mr. McGregor:** Well, I might make a point here that was made earlier by our president in regard to the five national voice services, most of them with headquarters here in Ottawa or certainly their major base of operation is here in Ottawa.

**The Chairman:** You are talking about radio now?

**Mr. McGregor:** Yes I am. They are providing a complete diversity and many of their reporters in fact are here in this room and they are providing a considerable diversity of the information flowing out from the Capital. It is really the biggest news source in Canada.

**The Chairman:** I would like to read you a quotation from the *Washington Post*, December 3, which is a commentary by Nicholas Von Hoffman on the subject. He says:

"The radio news departments are the sorriest parts of professional journalism, and FM is the sorriest part of radio news."

I would like to ask you if you agree with those comments?

**Mr. Crépault:** Well, I think I can answer...

**The Chairman:** Incidentally may I say—I hear some of your colleagues laughing and saying "Oh no", but I might say this is an opinion which has been expressed before this Committee on more than one occasion by wit-

nesses who have appeared here. I think in fairness I should say that to you.

**Mr. Crépault:** I think I can answer this Mr. Chairman, on the basis of my own personal experience, if I may?

**The Chairman:** Yes, of course.

**Mr. Crépault:** We are talking about group ownership and we are talking about news reporting and there is always an inclination to compare news radio with the reporting by newspapers. In French-speaking Canada, as you know Mr. Chairman, we have succeeded in forming in fact the first and only private French network in the world and that of course is only in Canada. Perhaps the main reason which has prompted us to try to do it really was because of our desire to bring to the French Canadian population a news service, second to none in terms of quality—not only in terms of quality but in terms of international features. First of all, the first point I want to make is that I don't think this would have been possible on the basis of one independent isolated station to begin with. It was only possible to do it on the basis of group ownership, simply because of money to begin with but also in terms of being able to attract professional newspapermen. This is a factor. There is a factor of prestige or of reputation. It is easier to attract a professional to a large, big, well-established organization than it is to one independent broadcasting undertaking. That is the first point. The second one I think—I think it is a fair statement—and I just don't want to relate that statement to my own organization but also to many other broadcasting organizations in Canada—I think in terms of news—and we have seen it also by the extent to which Canadian audiences listen to radio. I think the reporting has shown an increasing professionalism.

**The Chairman:** May I ask you just two questions on this question of radio and news. First of all to be fair, I would agree that many private stations do an excellent job. I say that in fairness. Would you agree with me however that some private stations do a terrible job on radio news? Terrible is perhaps not the word—the best word—perhaps ineffective would be a better word?

**Mr. Crépault:** Well, there are bad lawyers and good lawyers...

**The Chairman:** Exactly.

**Mr. Crépault:** The same as there are good notaries and bad notaries.

**The Chairman:** Exactly. Now, what I would like to know is what does your Association do about the bad broadcasters?

**Mr. Crépault:** Well, we really try to bring to them a facility, advice and even sometimes material.

**The Chairman:** Do you come to them and say "Look, you are not doing a good enough job"?

**Mr. Crépault:** Well, we may not be doing it in exactly that fashion.

**The Chairman:** But shouldn't you?

**Mr. Crépault:** Well, we do it—we are not a controlling organization because we can only advise. At the last annual convention held in Edmonton the whole topic was information and for three days our membership was subjected to a constant briefing on how to bring better information to the public, so this is the kind of thing we do.

**The Chairman:** Would it be possible...

**Mr. Crépault:** I am sorry for interrupting you but this Professor Tebbel was there as one of the guests.

**The Chairman:** Would it just be possible that the broadcasters who need this information least, who are already doing a good job, are the ones who are primarily in attendance? The people who need this information most don't come to these meetings?

**Mr. Crépault:** I don't think so because the attendance at our conventions is extremely high, but at the same time if somebody doesn't want to follow the black line we just can't insist upon him doing that because we are still in a free country and they are in a voluntary association and there is a point beyond which—you know, I can't do it with my station. We can decide on a policy for the station and it can be implemented if you do have a voluntary organization.

**Mr. Allard:** I think it should be noted Mr. Chairman, that the last broadcasting station that was legitimately accused of doing a poor news job had its licence lifted by the CRTC.

**The Chairman:** Do you think it deserved to have its licence lifted?



**Mr. Allard:** Well, that was the CRTC's decision.

**The Chairman:** Do you agree with that judgment?

**Mr. Allard:** I wasn't familiar with the circumstances as the CRTC was.

**The Chairman:** Mr. Fenety, would you like to comment on this?

**Mr. Fenety:** Yes, but on that particular question Mr. Chairman, I would say that in broadcasting today we are getting some of the best possible news services and I don't think we have to take a back seat to the private broadcasters in the United States of America. I contend that Canadian broadcasters by and large are doing a far better job in the news field, better than, well, let me put it this way. The largest single program expenditure in the private radio station today lies in the news field. There is a constant desire and indeed demand to upgrade the services in all private broadcasting stations. The Radio-Television News Directors Association is a further upgrading if you like of the grass roots level and most stations are very proud of the news service they provide.

Now, I think what you were referring to and what possibly the Washington Post columnist was referring to is the rip-and-read technique which I regret to say is still in effect in Canada and in the United States, but at the same time most of the smaller operations who are confronted with this are also confronted with a very small financial return for their effort and it is just not possible for them to provide a service other than the rip-and-read, but if indeed they do subscribe to a news service such as Broadcast News, which is the right arm of Canadian Press in the broadcasting field, then in that field alone they are making a significant contribution to their community. By and large Canadian broadcasting, private stations in the news field, cannot be tarred with the same Washington rush.

**Mr. McGregor:** If I might just add a further comment I think that the record might be enhanced with Patrick Scott's column from last night's Toronto Star. I don't know whether you read it...

**The Chairman:** Yes, I do see that column, or the benefit of the Senators...

**Mr. McGregor:** He wasn't complimentary.

**The Chairman:** Well, he wasn't particularly complimentary to the news media in Ottawa. He was fairly critical of all news media in Ottawa. He also, as I recall, refer to this Committee and he said this Committee would be well advised instead of worrying about hockey scores in the morning paper—which of course is something that interested me as long time ago—it should be interested in the coverage of the federal Parliament by the Ottawa newspapers. Well, of course, had Mr. Scott read the transcript he would know that we have delt with this problem at some considerable length. However, it was quite an indictment of the Ottawa news media generally; but I think in fairness we should realize that it was by Mr. Scott.

I would just like to ask one more question on this question of concentration of ownership. At page 6 you say:

"Corporate arrangements and so-called 'multiple ownerships' have arisen in every industry because of the combination of rising costs (prominently including taxes); the increasing demand of paperwork requirements; the difficulties that sometimes beset smaller operations in obtaining additional financing; and succession duties and estate taxes."

Would you not agree in fairness Mr. Crépault, that we should add to that list—general economies of scale and increased profitability?

**Mr. Crépault:** Well, I would be inclined to say no.

**The Chairman:** Why?

**Mr. Crépault:** Well, I have lived through the experience and I find that group ownership doesn't really increase your profit margin and gain, on the basis of facts and figures I think it decreases it because...

**The Chairman:** That is true in broadcasting, is it?

**Mr. Crépault:** It is certainly true in broadcasting, not only from my own experience but from the impression I get from my colleagues who are involved in group ownership.

**The Chairman:** Well, your statement here says every industry. Can you not think of industries in which there are economies of scale and increased profitability because of group ownership? Even part of the communication industry?



**Mr. Crépault:** I can't think of any at the moment unless Mr. McGregor has some facts.

**Mr. McGregor:** I was simply going to comment that the increased profitability might well result from increased revenue more than from increased profits proportionately speaking. In other words the profits may well increase as a result of an increased efficiency in the operation in making the whole station or the whole group of stations...

**The Chairman:** I am sorry for interrupting you but there is an urgent phone call for Mr. Donald Newman.

**Mr. McGregor:** The difficulty that some of these single ownership stations have is their inability to assimilate a rapid change—a drop in ratings a sudden new regulation which represents a substantial increase in costs—they are not able to stay alive while the regulation is either changed or while the effects of the regulations can be changed or modified within the station. These things become a major crisis to a small operation whereas in a larger operation they are an important problem but they don't represent life or death.

**Mr. Fortier:** On that point, what about the argument which we have heard when the Committee was dealing with newspapers, that the newspapers should be community owned—it should be owned by a member of the community where it is published, ideally. Does that not also apply to radio and television stations and if not why?

**Mr. Crépault:** I think I would make a distinction between ownership and operation. To begin with as to group ownership, I am personally inclined to believe not only the principle, I think, must be accepted but I also feel to a great extent that it is almost essential now for the survival of broadcasting, and in some way the argument that we had earlier that if we want quality and if we want to be in a competitive position we have to have a certain element of bigness. With regard to the local participation—I would prefer to use the word participation rather than ownership. As soon as you talk about group ownership, actually first of all you get away from local ownership unless it is a public company with a wide distribution of shareholders with roots in various communities, so really the ownership in my view is not the determining factor.

**Mr. Fortier:** It is the operation?

**Mr. Crépault:** It is the operational aspect of the media which counts.

**Mr. Fortier:** But you have done so effectively, so well in Quebec monsieur Crépault with your company—do you think you are going to see that in English Canada also?

**Mr. Crépault:** You are beginning to see it now, it is already started. I visualize that even just as a matter of survival in the next five years—as I say it doesn't mean that all my colleagues here will necessarily agree with my conviction—but I visualize that in about five years or perhaps at the most ten years you will have the whole private broadcasting field in the hands between 10 and 15 groups.

**Mr. Fortier:** Made up of networks?

**Mr. Crépault:** Regional networks, joint administrations, and I think that it is not going to harm the information field in Canada. I think it is going to enhance its qualities, I think it is going to lend strength to the Canadian industry in order to become more competitive and I think it will also bring to the Canadian population far better services, more professional services.

**Mr. Fortier:** Could I ask Mr. Fenety to comment on that?

**Mr. Fenety:** I would agree wholeheartedly with Mr. Crépault's summation. I would think for example in the Atlantic Provinces where we are hard-nosed individuals, we like our own autonomy and we like to be as parochial as it is possible to be, that even there we are now facing a situation where we are going to be viable in the marketplace. There must indeed by a grouping together of broadcasting units if they are to survive. For example, we were talking about news a moment ago. In my particular market my news department chose to present Apollo 11 in a voice report series, which to me seemed a little strange and the cost was about \$500. Their point of view was simply that there are people who are shut in in hospitals and people who are mobile or people who are travelling who wanted to follow this important event and therefore despite the fact that most of the people in my immediate city area would watch ABC, CBS, NBC, CBC and CTV, they went ahead with it. How much longer—this is the way I am putting it to you now—how much longer are we in a position to do this? I think perhaps the people in the smaller cer-

tres in New Brunswick should have had the opportunity and so on and if such opportunities are to be provided there must be cost sharing. This can only be done within the larger units. Therefore, the service that is provided in all these areas will be greatly increased and the quality of them even more so.

**Senator McElman:** Mr. Chairman, for the record I think I must say that Mr. Fenety's description of a Maritimer doesn't necessarily apply to all Maritimers!

**Mr. Fenety:** Well, we have a nationalistic outlook, our own Maritime outlook.

**Senator McElman:** We have had many comparisons between the Canadian and American situation, this morning and so on, but I think we should look back to what Parliament had in mind going back beyond the Broadcasting Act to the White Paper and the report of the House committee on broadcasting. I will just read two short paragraphs and then I will pose my question.

"Fundamental to any consideration of broadcasting policy is the fact that the airwaves are public property and the privilege of exclusive use of any channel or frequency must be subject to the clear responsibility of serving the public interest as expressed through national policies. The Committee"—and this is the House Committee and this report was adopted—"feels strongly that it is not a proper function of Parliament or Government to be involved in the programming or the day-to-day operation or supervision of broadcasting systems. It is however the responsibility of Parliament to define the public interest to be served by our broadcasting system and to enunciate the national policy. It is also Parliament's duty to create a viable structure within which the service we seek can be assured to the Canadian people."

Now, we have talked much about the regulations and we have talked a little about licensing. Do you not think therefore that in the sort of unique broadcasting situation—I think it is unique perhaps in the world with its mix—do you not think that in licensing you have a tremendous advantage because in licensing I think one of the requirements—if it isn't you can correct me—is that before another licence be granted consideration be given to the economic viability of licencees in that area. This is unique, is it not?

**Mr. Crépault:** Well, it is true, Senator, and in fact this is a consideration of course which is taken into account when you apply for a licence. They want to make sure if the licence is granted that you are going to be viable. As to whether this is unique in Canada...

**Senator McElman:** Excuse me sir. Not just the fact that the new licencee will be viable but the existing station will be viable?

**Mr. Crépault:** That's right. In other words—yes, you are right on this. In other words if in their judgment they feel that by granting a new licence they would jeopardize the existing station they would be reluctant to do so. As to whether this is unique within our country I would be inclined to say that perhaps you might compare maybe the telephone operation which is perhaps identical to this. In other words, I don't think you could obtain from the Transportation Board—you know, I don't think I could, for instance, set up shop in competition with the Bell Telephone without a licence, and I have the feeling that I would find it pretty difficult to get a licence to operate my own telephone company in Quebec. I am not sure that this situation is unique. You have the same situation with regard to airlines.

**Senator McElman:** Well, let us just stick to broadcasting. The comparison today has been largely with the American system which is better than ours in this fashion, they can make more money and have their great networks which by making money can produce a better programming and so on. I am sure you wouldn't want to transfer into an American system but let's for a moment take radio broadcasting. Their licensing provisions enable them to almost hand out radio broadcast licences like wheatcakes...

**Mr. Crépault:** Yes.

**Senator McElman:** Yes.

**Mr. Crépault:** And they are beginning, Senator, to regret that policy.

**Senator McElman:** Indeed.

**Mr. Crépault:** Yes, because I can tell you for instance that within the last month there are three television stations in the United States that have gone bankrupt and perhaps even a greater number of radio stations, and also there is duplication of the services, there has been a lowering of the quality of the service and I agree with you, I think they are beginning to deeply regret that policy.

**Senator McElman:** Well, this was what I was getting to. In line with the intent of Parliament, which I have read to you, we have had great stress this morning on the interference, the regulations and so on—there is another side of the coin in Canada, is there not—somewhat different—our licensing does have woven into it protective measures for existing licencees—Roy Thomson said a licence to print money...

**Mr. Crépault:** The most questionable statement that was ever made about broadcasting.

**Senator McElman:** Well, all right. The point I simply wanted to make was that in Canada there is the second side of the coin—heavy protection of licencees guarding against further licences which will wreck their viability. Is that not correct?

**Mr. Crépault:** Senator, I am fully in agreement with you. The securing of a broadcasting licence, and I think I can say that I speak for the great majority of broadcasters when I say that it is a great privilege and an honour because in some way it is a judgment in their ability to serve the public and to that extent I agree with you. The licence includes within itself also a built-in protection and I think that makes the obligation that much more serious and I fully agree with you. I have always accepted the fact that it has to be regulated.

**The Chairman:** Honourable Senators, ladies and gentlemen, I know that Mr. McGregor would like to speak and Mr. Fortier would like to speak. I said we would adjourn at 1:00 o'clock but perhaps before we actually do adjourn I would just say to you, Monsieur Crépault, and to your colleagues that as originally conceived the idea for the Committee was really to deal with print only. However we soon realized that a study of this type would only be meaningful if we did include broadcasting and so we decided to ask the broadcasters, notwithstanding as I observed in my original speech in the Senate that you are quite right—it has been analysed, self-analyzed, cross-examined, possibly the most examined medium in history. Yet I don't think we have to apologize for having you here this morning notwithstanding the many remarks about government inquiries in your brief. This has been a valuable morning for us, it has been useful testimony and we are grateful.

Perhaps the only other thing I should do is outline the schedule for next week. There are only two public sessions. Tuesday, March 17 in this room at 2:30 we will be hearing from Mr. Nicholas Johnson from the FCC in Washington. Then on Wednesday, March 18 in this room at 10:00 o'clock, Reader's Digest Magazine.

The meeting is adjourned. Thank you very much.

...Whereupon the meeting was adjourned.



















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Second Session—Twenty-eighth Parliament  
1969-70

# THE SENATE OF CANADA

PROCEEDINGS

OF THE

SPECIAL SENATE COMMITTEE

ON

## MASS MEDIA

The Honourable KEITH DAVEY, *Chairman*

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No. 32

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TUESDAY, MARCH 17, 1970

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WITNESS:

Mr. Nicholas Johnson, Commissioner, Federal Communications  
Commission. Washington, D.C., U.S.A.

MEMBERS OF THE  
SPECIAL SENATE COMMITTEE ON MASS MEDIA

The Honourable Keith Davey, *Chairman*

The Honourable L. P. Beaubien, *Deputy Chairman*

Beaubien  
Bourque  
Davey  
Everett  
Hays

Kinnear	Prowse
Macdonald ( <i>Cape Breton</i> )	Quart
McElman	Smith
Petten	Sparrow
Phillips ( <i>Prince</i> )	Welch

(15 members)

Quorum 5

## ORDERS OF REFERENCE

Extract from the Minutes of the Proceedings of the Senate, Wednesday, October 29th, 1969.

With leave of the Senate,

The Honourable Senator Davey moved, seconded by the Honourable Senator Lang:

That a Special Committee of the Senate be appointed to consider and report upon the ownership and control of the major means of mass public communication in Canada, in particular, and without restricting the generality of the foregoing, to examine and report upon the extent and nature of their impact and influence on the Canadian public, to be known as the Special Committee of the Senate on Mass Media;

That the Committee have power to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of the inquiry;

That the Committee have power to send for persons, papers and records, to examine witnesses, to report from time to time and to print such papers and evidence from day to day as may be ordered by the Committee;

That the Committee have power to sit during adjournments of the Senate and that Rule 76(4) be suspended in relation to this Special Committee from 9th to 18th December, 1969, both inclusive, and the Committee have power to sit during sittings of the Senate for that period;

That the papers and evidence received and taken on the subject in the preceding session be referred to the Committee; and

That the Committee be composed of the Honourable Senators Beaubien, Davey, Everett, Giguère, Hays, Irvine, Langlois, Macdonald (*Cape Breton*), McElman, Petten, Prowse, Sparrow, Urquhart, White and Willis.

After debate, and—

The question being put on the motion, it was—

Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Thursday, November 6th, 1969.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Smith:

That the names of the Honourable Senators Giguère and Urquhart be removed from the list of Senators serving on the Special Committee of the Senate on Mass Media; and

That the names of the Honourable Senators Bourque, Smith and Welch be added to the list of Senators serving on the said Special Committee.



The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Thursday, December 18th, 1969.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Smith:

That Rule 76(4) be suspended in relation to the Special Committee of the Senate on Mass Media from 20th to 30th January, 1970, and that the Committee have power to sit during sittings of the Senate for that period.

After debate, and—

The question being put on the motion, it was—  
Resolved in the affirmative, on division.

Extract from the Minutes of the Proceedings of the Senate, Friday, December 19th, 1969.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Langlois:

That the names of the Honourable Senators Bélisle and Phillips (*Prince*) be substituted for those of the Honourable Senators Welch and White on the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Tuesday, February 3, 1970.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Langlois:

That Rule 76 (4) be suspended in relation to the Special Committee of the Senate on Mass Media from 10th to 19th February, 1970, both inclusive, and that the Committee have power to sit during sittings of the Senate for that period.

After debate, and—

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Thursday, February 5, 1970.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Haig:

That the names of the Honourable Senators Quart and Welch be substituted for those of the Honourable Senators Bélisle and Willis on

the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Tuesday, February 17, 1970.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Connolly (*Halifax North*):

That the name of the Honourable Senator Kinnear be added to the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Tuesday, March 3, 1970.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Denis, P.C.:

That the name of the Honourable Senator Langlois be removed from the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Tuesday, March 3, 1970.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Denis, P.C.:

That Rule 76 (4) be suspended in relation to the Special Committee of the Senate on Mass Media from 4th to 13th March, 1970, both inclusive, and that the Committee have power to sit during sittings of the Senate for that period.

The question being put on the motion, it was—  
Resolved in the affirmative.

ROBERT FORTIER,  
*Clerk of the Senate.*





## MINUTES OF PROCEEDINGS

TUESDAY, March 17, 1970.  
(32)

Pursuant to adjournment and notice the Special Senate Committee on Mass Media met this day at 2.30 p.m.

*Present:* The Honourable Senators: Davey (*Chairman*); Bourque, Kinnear, Macdonald (*Cape Breton*), McElman, Petten, Prowse, Quart, Smith, Sparrow and Welch. (11)

*In attendance:* Miss Marianne Barrie, Director and Administrator; Mr. Yves Fortier, Counsel.

The following witness was heard:

Mr. Nicholas Johnson, Commissioner, Federal Communications Commission, Washington, D.C.

At 6.10 p.m. the Committee adjourned to Wednesday, March 18, 1970, at 10.00 a.m.

ATTEST.

Denis Bouffard,  
*Clerk of the Committee.*



## SPECIAL SENATE COMMITTEE ON MASS MEDIA

### EVIDENCE

Ottawa, March 17, 1970

The Special Senate Committee on Mass Media met this day at 2.30 p.m.

**Senator Keith Davey** (*Chairman*) in the Chair.

**The Chairman:** Honourable senators, if I may call this session to order.

Our witness this afternoon is surely one of the busiest people in North America and certainly one of those who is most interested in the mass media. Commissioner Johnson is leaving from Ottawa to go to Rome, then of course ultimately back to Washington. Perhaps I could be allowed to sketch his career very briefly for you. He was born in Iowa—he is a graduate in law of the University of Texas and spent two years as a law clerk. The first with the Chief Justice United States Court of Appeal Fifth Circuit and then a year as a law clerk with Supreme Court Justice Black. He then joined the law faculty at the University of California at Berkeley, where he served three years. He then became associated with a law firm in Washington for one year until his appointment in 1964 by the then President Lyndon Johnson as the Maritime Administrator. He served in this position from 1964 to 1966 and then in 1966 was appointed by President Johnson to a seven year term as one of seven FCC Commissioners.

Commissioner Johnson, to give him his full and proper title, is 35 years of age, he is married with three children and he interestingly enough just now—just within the last few weeks—published a fascinating book which I hope I will have a chance to talk about this afternoon—it's title is "How To Talk Back To Your Television Set." Perhaps Mr. Johnson if I might be allowed to quote from the jacket of the book, it says something about you which I think would interest the senators. There are three quotations from the back of the book—the first is from John Kenneth Galbraith, and I am quoting:

"Nick Johnson is currently the citizen's least frightened friend in Washington and this book tells why."

The second quote by Fred W. Friendly, an Edward R. Murrow Professor of Broadcast Journalism, at the Graduate School of Journalism, Columbia. Mr. Friendly says:

"There is such a thing as public enterprise and Commissioner Johnson emerges as this devil's disciple. What this good book says is that 40 years of experimenting with private enterprise in the public sector has produced a national humiliation."

The quote I like most is from Tom Smothers and he says:

"It is a shame this book wasn't around in the 60's so my brother Dick could have read it to me. Things might have been different. For the millions of Americans who want television to live up to its responsibilities, this book tells you how to do something about it. If you don't read it, stop griping."

Inside the cover, or inside the jacket, just quoting one more paragraph, "Nicholas Johnson is a member of the Federal Communications Commission—the youngest man ever to serve on the FCC and the most controversial. (Five broadcasters' associations, for example, have asked President Nixon to fire him.) In this book he inquires into television's performance and he finds it dangerously inadequate. Unlike most critics of the medium, he also offers some tough-minded proposals for reform. Commissioner Johnson, we are delighted you have found the time to be here. I know you have a written brief which has just now been circulated to the senators. I propose that you read that brief, or perhaps highlight the brief, and then following that we would like to ask you some questions on it. I would certainly, and perhaps some of the others would like to ask you some questions on your book, and I am sure there will be other questions the Senators would like to ask you. Welcome, thank you, and why don't you proceed.

**Mr. Nicholas Johnson, Commissioner, Federal Communications Commission, Washington, D.C.:** Thank you very much, Mr. Chair-



man and honourable Senators, for that very gracious beginning. I must say a number of Americans who have found our society oppressive for one reason or another came to Canada, as you know, and apparently I am to be numbered among them, at least for today.

When I was last called before our Senate at Washington for my writings, it was on the basis of a complaint on the part of the committee with responsibility for the Federal Communications Commission. The complaint was that I had the audacity as a public official to bring such secret documents to public attention as the acts of Congress and the decisions of the United States Supreme Court, thereby letting the public know of its rights in this area, which of course is a dangerous thing to have done. I promised to try to do better in the future, but I really haven't as I have gone on in that way.

It is with some considerable hesitation that I agreed to come here at all. I have tremendous respect for the Chairman and for this committee and for what you are doing here in Canada. It is being watched and followed very closely in the United States as you may know, but I really think it is a Canadian matter and I am in trouble enough as it is in the United States without taking on Canada as well. I think these are very important issues in every nation of the world today. They are being confronted one way or another in every country, but in no country with the courage and thoroughness that is being applied here.

I think it would be inappropriate for me to come to Ottawa from Washington and suggest to you what you ought to do to solve your problems when we seem to have some great difficulty even addressing ours let alone resolving them. I don't know really how much I can say that would be of relevance to you, because you are much more familiar with the situation here than I am. I will limit my comments largely to our experience in the United States, what I think some of our problems are there and what we have tried to do about them. If you find anything of relevance in that, then you can draw such conclusions and proposals as you wish.

Let me begin by saying a word about media concentration and the various forms in which it can exist. I might note at the outset that I don't intend to read this statement to you from beginning to end, but rather point out some of the issues discussed in it. I have been very impressed with the fact that the

committee staff and your chairman actually read this book which is an extraordinary compliment and rather extraordinary behaviour on the part of public officials. And so I trust, if you are capable of reading an entire book, certainly you are capable of reading the statement without my reading it to you.

I have appended to it a bibliography, incidentally, of some of the opinions and other statements that I have issued in this area, and I have brought a single copy of each of those which I will submit to the Committee for its public files or for whatever use you may wish to make of this material.

There are a number of areas in which the problem of media concentration arises in the United States. One of these can be characterized as local monopoly or local domination; this is where a local newspaper, radio or television station might be owned by the same person.

A second is what we call regional concentration—this would very seldom be a monopoly, but a situation where a small group of men control most of the more significant mass media in that particular area: newspapers, radio, television, cable television magazines, and so forth.

Then there is what we call the multiple owner who may have a national impact within a given medium. He may own a chain of newspapers or he may own a chain of broadcasting stations.

This can be further complicated in the case in which a single individual or corporation owns outlets in different kinds of media. They may own newspapers as well as television stations, as well as magazines, and so forth.

Finally, there is the problem we call the conglomerate corporation. This I define as a corporation which is predominantly engaged in industrial enterprise of one kind or another and has, as one of its subsidiary corporations, a mass media enterprise of some kind.

Now, what I have just characterized are really classic case studies. In point of fact they never exist in quite that pure a form. You will have, for example, a Howard Hughes in Las Vegas acquiring a television station. This raises a number of problems. Hughes' industrial interests, generally throughout the United States, clearly qualify him as a conglomerate corporation. The ownership of a single television station in Las Vegas does not make him a national media power. But in addition to being a national conglomerate, he is also a local conglomerate.

in that he owns most of Las Vegas. So that within that given community here is a man who has business interests throughout the city who also owns one of the major outlets of information in that city.

Another example would be RCA, which is an industrial conglomerate—it derives 20 per cent of its revenues from defence contracts. It is also a multiple media owner, in that it has interests in book publishing, in records, as well as the ownership of stations, the programming of stations by means of a network, the ownership of copyrights and of talent, and so forth. It is difficult to find cases that fall within precisely any one of these definitions, but I think they are useful in looking at the problem.

The facts of concentration in the United States are, in my judgment, quite disturbing and the condition is accelerating. There is a local concentration of control of the mass media in most of the American cities, a local concentration of one kind or another. There are 72 communities where the only broadcast station is owned by the only local newspaper. I believe now, in 96 per cent of the cities with a daily newspaper, there is no newspaper competition. There are 12 communities where the only newspaper owns or has an interest in the only television station. In 1967 there were 250 cities where the local daily newspaper had control over a local broadcasting station, and in approximately 213 of these, there was no other daily newspaper. Most of the major television stations in the United States are owned either by local newspapers or by multiple station owners. There are almost no examples of local ownership of the major VHF network affiliated television stations in the largest, say, 25 markets (other than joint newspaper ownership). This is, needless to say, contrary to what Congress had in mind in 1927 and in 1934 in passing the Radio Act and the Communications Act of those years. Many of these statistics are spelled out here in the Statement regarding radio and I won't read all that to you.

The conglomerate problem is more complicated and we have less information about it. The FCC is now undertaking an investigation into conglomerate ownership. It launched it with great fanfare on February 8, 1969 and has yet to take any meaningful action in that regard, with the exception of the decisions it rendered on that date when it approved the further acquisition of broadcast properties by three of the largest and most powerful conglomerates in the United States. The Commis-

sion apparently felt that as long as it announced an inquiry the same day, there was nothing wrong with its decisions.

We also have the phenomenon of network domination that goes into the economic sphere as well as the ideological, in the United States. The networks and their owned and operated stations—as distinguished from the stations affiliated with the networks—took in 52 per cent of all the revenues earned by the television industry. The remaining 48 per cent was shared by the other 628 stations. That gives you some sense of the total domination of the networks in case there is any question about that in your minds.

Recently the Vice President added his voice to the rising chorus of those who expressed some concern about media concentration—although his interests seem to be limited to those media owners whose policies tend not to coincide with those of the administration. At least one would have to conclude that on the basis of the examples he chooses to emphasize.

Now, why is this something that independent observers of the media in the United States are concerned about? There are a number of reasons.

First is our concept of what we call, and I quote, “a marketplace of ideas”—to borrow a phrase from a leading Supreme Court decision. We are committed to the idea that no one has a monopoly on truth, and that the only way that a democracy can function is if all people have an opportunity to express their views, put them out, get them heard and debated and challenged. The truth is, in effect, a process. It is the process by which all these ideas can be thrown out into the marketplace of ideas and tested, and the idea that wins in a democracy is the idea that prevails. We are concerned that the great diversity that is represented in our country is not really represented in the media.

The second reason for our concern is the political power that is held by those who control the media. This is a frightening thing and I can explore it in greater detail if you are interested, but for now just let me say that there is no single industry in the United States that comes close to having the political and economic power, that the media in general and broadcasting in particular now have.

Let me just say for now that one of the reasons for this is the role of television in the elective process. All that any other major industry can do is to contribute money, mil-



lions of dollars, to political campaigns. What is then done with that money is to purchase television time—time which can also be made available free, on news programs as well as being made available in commercial time for purchase.

A third reason for our concern is our interest in local ownership of the media. The reason why we have 7,500 radio and television stations in the United States is because we think that local communities deserve a local outlet. To the extent the stations are only putting out nationally distributed commercials, wire service news, records, motion pictures, television entertainment there is no need for the local station.

A fourth reason relates to the more conventional anti-trust concerns for the functioning of this industry in the marketplace, like any other industry.

A fifth reason, a fifth concern, is that we have some evidence that multiple ownership and conglomerate ownership of the mass media have tended to have an influence in distorting the content of the mass media to serve the economic interests of the owners. A large conglomerate corporation is very likely to treat a mass media subsidiary as something in the nature of a public relations operation or advertising operation. It is very difficult for a large conglomerate to accept the idea that its mass media subsidiary is going to report the truth even when it does not serve the economic interests of the holding company. All the subsidiaries are expected to contribute to the economic well-being of the holding company, and the mass media subsidiary tends to be no exception.

Finally, I might note that with increased concentration of control goes a popular demand, and a legitimate need, for greater governmental regulation. So that to the extent you happen to favour the operation of a media, independent of government regulation, which I do, then one would want to encourage in the mass media greater diversity, greater competition, lowering of barriers to entry, et cetera, so that it would tend to regulate itself in the marketplace rather than requiring a need for greater and greater governmental regulation.

The Federal Communications Commission has very little at the present time in the way of rules to regulate this. The only firmly fixed standards we have involve two principles. The first is the so-called duopoly standard. It provides that no one can have broadcast

interests in the same service the signals of which overlap; that is to say, he cannot own an AM radio station in one community if its signal will overlap an AM radio station which he owns in another community. However, until now there has been no prohibition whatsoever against owning an FM radio station, an AM radio station and a VHF television station all in the same community. We are now addressing that issue in a proceeding that goes by the name of the "one-to-a-market rule". The "one-to-a-market rule" provides that no one could own more than one full time property in a given market. The Justice Department has intervened in that proceeding and has urged upon us that we require divestiture and that we consider newspapers along with broadcast properties.

The other rule relates to the total number of stations which any single owner can own in the United States. This is now limited to seven FM radio stations, seven AM radio stations, five VHF television stations, and two UHF television stations. What this fails to take account of, of course, is the difference in markets, so that there are multiple station owners who own stations in New York and Los Angeles and Chicago and other large cities. That tends to give them an inordinate amount of influence in the largest states which in turn gives them inordinate national and political and economic power.

The FCC once proposed a so-called "top 50 rule" which would have limited the number of stations that any individual owner could own in the largest 50 markets to something less than the "7-7-7" that applies generally throughout the country. That rule had no more than been announced than the FCC began waiving it in each individual instance that came before it. It soon became obvious that it didn't intend to enforce the rule at all and finally, at least, shed the hypocrisy and repealed the rule.

There has been some interest also in the matter of network domination of the programming product. We have two proposals before us regarding this: one is called the "50-50 proposal" and the other is called the "Westinghouse proposal". The "50-50 proposal" provides that no network should be permitted to own more than 50 per cent of the programming which it makes available to its affiliates. At the present time networks own virtually all of the programming. The "Westinghouse proposal," by contrast, would limit



the number of hours in the evening that a network can program for affiliates, thereby opening up time that the local station will either have to program with its own material or by purchasing from independent suppliers and programming material.

Now, one of the problems both in terms of the marketplace of ideas and an economic marketplace in the industry is that there are basically three buyers of television product in the United States. It is an incredibly stifling economic and creative environment in which to work. I went out to Los Angeles this past year and talked with a broad cross representation of the top producers and writers and talent in Hollywood, and I have never before addressed a more despondent and cynical lot of men in my life. So one of the things that the "Westinghouse proposal" is designed to strike at, is that problem of opening up more competition in the business.

It is rather tragic that Vice President Agnew and the administration have been talking about the problem of concentration of control, and applying its concern to those papers and stations which refuse to simply carry the White House releases without comment. While there has been this ostensible interest in media ownership patterns, the Administration has, in fact, behind the scenes been supporting the industry across the board in every instance in which its economic interests were at stake.

We see, for example, that when the trade press reported that the FCC was going to oppose the Pastore Bill by a six to one vote, President Nixon appointed two new commissioners to the Commission, one of whom was publicly on record in support of the Pastore Bill.

**The Chairman:** You might explain what the Pastore Bill is.

**Commissioner Johnson:** Thank you. I think that is a good suggestion which occurred to me in mid-sentence.

The Pastore Bill, S-2004, was in general, a curtailment of the right of the public to participate in the licence renewal process. More specifically, it did this by engaging the legislative presumption that all licensees are serving the public interest and that no citizens' group should be permitted to file a competing licence application at licence renewal time for any commercial station. It provided that the FCC would have to first find that the station

had not been serving the public interest before any outside group could file. In point of fact, the FCC has done this in probably less than one-one hundredth of one per cent of the cases coming before it since its inception on the grounds of programming, the likelihood of it happening in the future was rather remote as the industry well knew. This was particularly so in view of the fact that the FCC would have before it, in judging the public interest performance, nothing but the station's own self-service filing with the Commission.

The upshot of that odyssey, should you be curious, was that the FCC then went back and announced its own so-called policy statement which in effect adopted into FCC regulation most of what the proponents of the bill wanted from the Senate, thereby removing from Senator Pastore the embarrassment of further pursuing that rather incredible piece of legislation.

The point is that the administration's position on it was quite clear. Senator Hart, who has made a valiant effort to conduct the kind of inquiry that you are engaged in here, with the hearings that he held on the newspaper industry monopoly authorization bill (known to the newspapers as the Failing Newspaper Act), discovered that there was a considerable influence on the part of media with the Senate which was in no way aided, in this instance, by the role of the Administration.

The Assistant Attorney-General for anti-trust matters in the Justice Department, as one would expect, came out in opposition to the Failing Newspaper Act: Whereupon for the first time in our nation's history, to my knowledge, the Justice Department was overruled by the White House and the Department of Commerce was set up to testify on this anti-trust matter and, under White House instructions, came out in favour of the newspaper industry's bill.

**The Chairman:** You might explain the bill.

**Commissioner Johnson:** Well, this is a bill that permits newspapers to merge, presumably out of a concern that to continue to have competition among newspapers in as large a proportion of our cities as 4 per cent, was somehow dangerous and ought to be diverted as much as possible. This would permit mergers in those few remaining communities around the United States where there still is newspaper competition.

The final interesting bit of evidence of the Administrations' role concerns the bill introduced by Senator McIntyre, which would have provided for splitting up media concentrations in local communities. The President's Director of Communications, (a title, incidentally, which does not exist outside of communist countries to my knowledge) Herb Klein, publicly stated that he was—by now to no one's surprise—opposed to Senator McIntyre's legislation.

While we have some frightening statistics we have very little in the way of action in the United States, and I am not optimistic that any massive action is near at hand. The media owners have a life and death grip on the political life of the country and they seem prepared to sacrifice their journalistic integrity in the cause of increasing profits. The existence of your Special Committee indicates that maybe the future for Canada is not as bleak as that which I see for the United States, but unless the concern generated over this problem continues, I am afraid that changes are impossible.

By "concern", obviously, I do not mean the kind of political utterances that have come from our Vice President, but rather the forceful and well explained and constructive investigation and study which is represented by the work of this Committee. Without such concern and inquiry, I am afraid, at least in the United States we are going to be doomed to increased domination and control by larger and larger media barons.

Well, Mr. Chairman and Honourable Senators, that brings me to the end of my informal comments about this statement. At this point with your permission I would like to insert the prepared statement in the record...

**The Chairman:** Thank you—And the various appendices as well?

**Commissioner Johnson:** If you would care to print them.

**The Chairman:** We would be interested in having all the information you can spare.

Prepared Statement of Nicholas Johnson, Commissioner, Federal Communications Commission, Washington, D.C.

Media Concentration: The United States Experience and Lessons for Canada

It is with some hesitation that I have finally acceded to the urging of your Chairman,

Senator Keith Davey, that I testify before your Committee. The questions before you are strictly a matter for Canadians to address and resolve. I would never be so presumptuous as to urge a particular solution upon you. Indeed I do not even know if my observations will be of much relevance to you. But I am willing to come and be of whatever help I can.

I am vaguely familiar with the structure of the Canadian media—especially the broadcast media—and I have some ideas about the unique problems that your nation encounters. But I prefer to confine my remarks today primarily to the United States experience. If there are parallels to the Canadian situation I will leave it to you to draw the conclusions.

I do want to commend you for undertaking this inquiry. Those of us to the immediate south of Canada desperately need to engage in the kind of inquiry your Special Committee is conducting. Lacking our own study, I am hopeful we will be able to learn from yours. I will conclude my remarks with a brief description of what has been attempted or proposed in the United States. But first, it may be useful to describe precisely what I think is meant by "media concentration."

#### *I. Media Concentration: A Definition.*

I have dealt primarily in the past with the ownership of five units of media: television, radio, newspapers, cable television, and telephone. This is not to say that I consider this list to be exhaustive, or to say that I believe movies or books or magazines, for example, are unimportant. But due to historical chance these five media have been the principal concern of the Federal Communications Commission, and so I will address myself primarily to concentration of control of these media. When we speak of "media concentration," we are usually speaking of combinations of these five media.

Usually those concerned with the concentration of control of the media do not differentiate between different kinds of concentration. I believe that there are four different situations in which the concentration of media is important. First, there is the problem of cross-ownership: that is, the owner of one of the five media owning another media outlet in the same market. For example, a newspaper may own a local broadcast station or a single owner may control a local television-AM-FM combination. A second media concentration problem is "multiple ownership." Technically, a multiple owner is an



owner with more than one of the five media anywhere in the country. But we only are concerned when the control of one owner over the media becomes so great as to create a "regional concentration" or "national concentration" problem. These definitions are necessarily imprecise, varying with the number, geographic distribution, power, and type of media held. A third concentration problem is the conglomerate ownership of media. A problem potentially exists whenever a media outlet is owned by a corporation with other business interests. The final concentration problem is pretty much unique to television: that is, the control over the media by national networks. A analogous problem exists with the power of the wire services in providing news to newspapers and broadcasters.

## *I. The Reasons for Concern*

### *A. The facts of concentration.*

A quick glance at the statistics of media concentration in the United States indicates a part of the cause for concern. The problem of cross-ownership or "local concentration of control," exists in most of the larger cities in the United States and in many of the smaller ones. There are 72 communities where the only broadcast stations are owned by the only local newspaper, and there are 12 communities where the only newspaper owns or has an interest in the only television station. In 1967 there were 250 cities where the local daily newspaper had control over a local broadcast station—and in 20 more it had a minority interest. In approximately 213 of these communities, there was no other daily newspaper.

The statistics of multiple ownership of media—the regional or national concentration problems—show similar concentration. In 1967, 81.3 per cent of the commercial VHF television stations were either owned by a group broadcaster or a daily newspaper. In 11 states and the District of Columbia, all the stations were so owned, and in another 13 states all but one was. In the larger, more competitive markets the concentration is even more pronounced. In the largest 10 markets in the United States, with 40 per cent of the nation's television homes, 37 of the 40 VHF television stations are licensed to group owners and the remaining three are owned by daily newspapers in the same community. In the top 50 markets in 1967, 127 of the 156 VHF stations were licensed to group broadcasters, and 17 of the remaining 29 were licensed to newspaper publishers.

The figures for radio are no less staggering. In the top 50 markets nationally, 526 of the 715 AM and FM stations are owned by multiple owners. Even the new technology, cable television, has not escaped this concentration syndrome. In 1968, 225 newspapers had cable television interests, and presently 32 per cent of the systems are owned by broadcasters. Telephone company ownership of cable television has also been significant.

The trend of these figures over the last few years shows no reason for optimism. In 1967, 50 per cent of the applications for cable systems were filed by broadcasters, and their ownership of cable television continues to grow. Multiple ownership of television shows a similar trend. In 1968 multiple owners controlled 73.6 per cent of all commercial television stations. Just 10 years earlier, the percentage of multiple-owned television stations had been only 45.8 per cent. The average size of a television "group" went from 2.7 stations in 1956, to 2.94 in 1964 and 3.87 in 1967. Daily newspapers have shown a similar decline in independence. In 1945 there were 117 cities with separately owned dailies, but in 1966 only 43 remained.

For the third problem of media concentration—conglomerate ownership—we do not have as precise statistics as for the other problems. This is in part due to the fact that the FCC is just now getting into a study of conglomerates, but it is also the result of the imprecise definition of a conglomerate. In one sense most owners of broadcast outlets are conglomerates, in that they have other business interests. But there are numerous licensees who rank among the most powerful conglomerates in the country by any definition. Certainly even without network and station holdings, RCA, CBS, ABC, Westinghouse, and RKO—to name just a few—would have to be considered large and diversified companies.

Bank ownership of broadcast stock gives one indication of the scope of the conglomerate problem. A staff report prepared for the Subcommittee on Domestic Finance of the House Committee on Banking and Currency entitled, "Commercial Banks and their Trust Activities: Emerging Influence on the American Economy" (90th Cong., 2nd Sess., July 1968) studied the holdings of the trust departments of 49 commercial banks in 10 major metropolitan areas. Large blocks of stock were held by these banks in 18 companies publishing 31 newspapers and 17 magazines, as well as operating 17 radio and TV stations.



The final aspect of media concentration is the dominance over commercial television by the three networks. The networks and their 15 "owned and operated" television stations in 1968 took in revenues of \$1.3 billion, or 52 per cent of the industry total. The remaining 48 per cent was shared by the other 628 stations. Besides dominating the industry financially, the networks also dominate the subject matter by controlling the programming of their 542 affiliates. In November 1967, the three networks produced and owned, or controlled through licensing arrangements, 95.2 per cent of all prime-time programming. Ten years earlier the figure had been 67.2 per cent. Yet most television stations choose to affiliate if given the choice. The blunt fact is that they must in order to be profitable in a market controlled by the oligopolistic decision making of the three networks. Eighty-three per cent of the network affiliates in the United States are profitable, while only 33 per cent of the non-network stations make money.

#### B. Some reactions to concentration.

Although startling and intriguing, statistics can describe only a part of the reasons for concern over the concentration of control of the mass media. Another aspect of the concern is shown by the observations of many Americans on the growing concentration of the media. The issue gained by-partisan support in the United States when Vice President Spiro T. Agnew railed against media control in a few hands. He warned that network managers possess "a concentration of power" that "the American people would rightly not tolerate...in Government." (Address at Des Moines, Iowa, November 13, 1969.) The Vice President in a second speech on the subject said:

"The American people should be made aware of the trend toward the monopolization of the great public information vehicles and the concentration of more and more power over public opinion in fewer and fewer hands."

(Address at Montgomery, Alabama, November 21, 1969.)

The Vice President was not the first to express fear over the political power of a concentrated media. In the Congressional debates over the adoption of the Communications Act in 1934, Congressman Johnson of Texas said:

"When... a single selfish group is permitted to either tacitly or otherwise

acquire ownership and dominate these broadcasting stations throughout the country, then woe be to those who dare to differ with them."

Another often articulated concern over concentration is the frustration it causes to those who "nowhere... hear being articulated *their* burdens, and *their* aspirations," (Address by Secretary of Health, Education and Welfare, Robert H. Finch, at Peoria, Illinois, May 31, 1969.) In its report on group violence, the National Commission on the Causes and Prevention of Violence cited "increased concentration of control over existing media" as one factor frustrating dissident groups. "We need more effective and different voices, not fewer and fewer standardized or homogenized ones," the Commission said. In a speech to the incoming freshman class of Yale University last fall, Yale President Kingman Brewster spoke of the growing cynicism among college students toward the established institutions of the United States. He blamed the mass media for causing a part of this cynicism:

"With mass communications concentrated in a few hands, the ancient faith in the competition of ideas in the free market place seems like a hollow echo of a much simpler day."

The courts of this nation have for years been aware of the necessity of a competitive media. When dealing with the structure of the media industries, they have been especially vigilant in enforcing the antitrust law. The Supreme Court in 1953 said:

"A vigorous and dauntless press is a chief source feeding the flow of democratic expression and controversy which maintains the institutions of a free society

(*Time-Picayune v. U.S.*, 594, 602 (1953) citing *Associated Press v. U.S.*, 326 U.S. 1, (1945).) The Court of Appeals for the District of Columbia has placed an affirmative duty upon the FCC to encourage competition. *Joseph v. FCC*, 404 F. 2d 207, 211 (D. C. C. 1968), the court said:

"The public welfare requires the Commission to provide the 'widest possible dissemination of information from diverse and antagonistic sources'..."

In an important recent decision, Judge Edward A. Tamm, after discussing the necessity of free and competitive media, and the

FCC's responsibility for its maintenance, went on to write:

"It is also becoming increasingly obvious that the application of antitrust doctrines in regulating the mass media is not solely a question of sound economic policy; it is also an important means of achieving the goals posited by the first amendment."

(*Hale v. FCC*, —F.2d—(D. C. Cir., Feb. 16, 1970) (concurring opinion).) He quoted Judge Learned Hand who wrote, in rejecting a claim that the First Amendment provided protection for anti-competitive practices of a news service:

"Neither exclusively, not even primarily, are the interests of the newspaper industry conclusive; for that industry serves one of the most vital of all general interests: the dissemination of news from as many different sources, and with as many different facets and colors as is possible. That interest is closely akin to, if indeed it is not the same as, the interest protected by the First Amendment; it presupposes that right conclusions are more likely to be gathered out of a multitude of tongues, than through any kind of authoritative selection. To many this is, and always will be, folly; but we have staked upon it our all. (*U.S. v. Associated Press*, 52 F. Supp. 362, 372 (S. D. N. Y. 1943), *aff'd*, 326 U.S. 1 (1945).)

The enforcement of the antitrust laws is ever a trivial matter. In their application to the mass media, vigorous enforcement to promote competition is absolutely essential to our system of government. For a democracy can only survive when supported by an informed electorate. Without information the people cannot exercise their right of participation, and the government becomes remote and seemingly unresponsive. Democracy will have failed, if ever the people, as Judge Tamm wrote, "feel that they are being cheated out of the vigorous marketplace of ideas promised by the first amendment."—F.2d—

### C. The effects of media concentration.

The statistics are alarming; the rhetoric demands immediate action to combat the increasing concentration of control over the mass media. But why have so many Americans, of such diverse political persuasions, reacted so strongly to what they consider to be the dangers of media concentration? Why is an inquiry such as yours applauded by people from many countries? What are the

specific abuses that it is feared will result from the concentration of the mass media in the hands of a few?

I believe that there are seven specific reasons why concentration of the media will result in a lower level of economic and journalistic performance by the media. I earlier described some of these reasons in an opinion I wrote opposing the notion that increased rights of access for citizens should lessen our concern over concentration issues. (*KCMC, Inc. (KTAL)*, 19 F. C. C. 2d 109, 110, 111 (1969).)

A first reason is derived from the notion of "a marketplace of ideas." If the media in a market—whether local, regional, or national—are controlled by only a few people, fewer views probably will be presented than if there were greater competition among the media. Any deviation from separate ownership for each individual media outlet will result in some loss of diversity to the public. The only question is how much less than the optimum diversity a free society feels it can afford. In a pluralistic society such as we have in the United States, I do not feel that we can exist forever with a large part of our population cut off from the media, unable to communicate with those of similar persuasion and interests. I am not just talking about political and social dissatisfaction with the media. I am not just complaining that those things I would like to see in the media are ignored. I am saying that the media of the United States is failing when, for example, one contrasts all the rich, wonderful diversity of a nation the size of ours with the very little diversity that appears on television.

A second reason is our concern about the political power that can be exerted by media concentrations. The raw, crass power of the media in the United States is shown by its ability to get essentially any single piece of legislation it wants passed by the Congress. This same power over the minds and thoughts of the public, through the faucet-like control of the information available to the people, is used to influence local and state politics.

Third, undue concentration subverts the concept of local ownership of the media—thought to be a worthwhile concept by the Congress and the FCC. Local ownership produces closer supervision over the everyday operations of the media by the owners. It brings the ownership closer to its audience. The FCC believes that this integration of management and ownership will produce



better performance by the media. But for every multiple owner with media located in separate markets, there is an absentee owner. The conflict between multiple ownership and local ownership appears every time the FCC attempts to ascertain responsibility for a violation of our rules. The owners always seek to escape responsibility by blaming some faceless manager who was simply enmeshed in the bureaucracy of the company.

A fourth possible abuse from excessive concentration of control is the increased possibility for anti-competitive practices. For example, a media owner with two separate media outlets in the same market might use the monopoly power of one outlet to destroy competition against the other outlet. This could take the effect of a "tying" arrangement in which the owner of a broadcast station would give preferential advertising rates to those people who also advertised in his local newspaper. (See *Complaint of Daily Herald-Telephone and Sunday Herald-Times, Bloomington, Indiana*,—F.C.C. 2d—(1970).)

Such abuses may also result from conglomerate involvement with the media. There are a variety of ways in which conglomerate ownership of media can affect the proper functioning of competing mass media—competition which is often so necessary to insuring the presentation of diverse views and information in our society. Suppose a bank owns broadcast stations or a newspaper in a community—and is the only bank in the community. An actual or potential competitor—newspaper or broadcast station—may have great difficulty obtaining credit on reasonable terms. The bank's own media may get very favourable credit, giving them a substantial competitive advantage. Advertisers who must deal with the bank may be reluctant to place advertising on its competitor's stations. Business entities that depend on the bank for financial resources and services may be induced to advertise on the bank's media—advertising these businesses might not have otherwise undertaken. Finally, the bank itself is often an important local advertiser which may favour its own media.

Fifth, multiple ownership and conglomerate ownership of the media makes more likely the distortion of media content to achieve certain economic aims of the corporate owner. It would be no more than human for the non-media interests of media owners to, in some way, affect the content of their mass media. If a bank, for example, owns newspa-

pers or broadcast stations, the interests of the bank in urban renewal, community planning, government housing development, local taxation, and a host of other issues may very well substantially affect what the people of the community will know about those issues. The distortion of content may be direct. Management knows what the interests of the corporate parent are and insures that these interests are protected. But the distortion may be more subtle: No one is ever chosen as station manager or managing editor who would be "untrustworthy" when it came to the parent's interests, and reporters soon learn that continued employment and promotions come only to those who are willing to compromise their journalistic standards a little.

The FCC recently has been confronted in two cases with allegations that broadcast stations have been operated in a way to benefit other business interests of the licensee. Both cases were designated for hearing in an effort to ascertain the facts. (See *Midwest Radio-Television, Inc.* (WCCO) 16 F. C. C.2d 943 (1969); *Chronicle Broadcasting Co.* (KRON) 16 F. C. C.2d 882 (1969).)

If such anti-competitive practices, and unfair use of the news media, exist more often in a concentrated market than otherwise—as the evidence suggests—then we cannot afford to wait and try to catch that fraction of the abuses that come to light. Abuse is very hard to show. And there is no institution in our society that regularly examines the functioning of the mass media to determine whether these abuses occur. We must take action against the industry structure which is a stimulant to anti-competitive abuses by the mass media. The fundamental antitrust tenet of "incipiency" provides that monopolies must be stopped short of the point where the monopolist is in a position to exercise his power in anti-competitive or anti-social ways.

A sixth reason is what I will call "economic." Concentrated ownership of the media can produce an economic domination of a market with all the results of monopoly: higher costs, decreased efficiency, and so forth. For the same economic reasons we oppose concentration of ownership in any industry, we should oppose media concentration. (See *United States v. Gannett Co.*, 1968 CCH Trade Case § 72,644 (N. D. 111. 1968); *Frontier Broadcasting Co.*, — F. C. C.2d — (1970); *KSL, Inc.*, FCC 68-1005 (1968); 1 F. C. C.2d 340 (1969).) The stifling of innovation that is inherent in all concentrated



industries is an even bigger loss to society in the media industries than in other industries.

A seventh reason to oppose concentration of control in the mass media is that the existence of competition in an industry permits less, not more, governmental supervision over the day-to-day operations of that industry. A competitive system, to some extent, is one that polices itself, avoiding expensive—and potentially dangerous—continual governmental surveillance.

### III. Solutions to Media Concentration Problems.

Reaction to the growing concentration of the media in the United States is great—but little has been done to improve the situation. The Federal Communications Commission and the United States Congress have usually approached the problem in a piecemeal fashion, fragmenting the recommended solutions to deal with only one problem at a time—and, as often as not, in ways urged by the industry that make matters worse rather than better.

The FCC rules contain a general prohibition against concentration. They prohibit the granting of a broadcast license if "the grant of such license would result in a concentration of control of ... broadcasting in a manner inconsistent with public interest, convenience, or necessity." (47 C. F. R. § 73.35 AM, § 73.240 (FM), § 73.636 (TV) (1969).) Theoretically these rules should work to reduce the concentration of the media, because the renewal of a license after a three-year period is considered to be a "grant". But in practice the Commission has been reluctant to give any meaning to these rules beyond some specific prohibitions. For example, the granting of a license in any one of the three broadcast services to any person who already has another license for the same service in the same market is prohibited. This so-called "duopoly" rule has been the FCC's chief means of preventing the increase of local concentration. These FCC rules also contain a prohibition against any person having an interest in more than 7 AM, 7 FM, or 7 TV stations, and this "national concentration" rule has generally been followed.

Both Congress and the FCC have tentatively recognized that these rules do not provide nearly enough protection to the public, and so additional rules to deal with media concentration have been proposed. In a rulemaking proceeding begun in March 1968, and still pending, the FCC proposed an extension of its

"duopoly" rules to further limit local concentration. (*Notice of Proposed Rulemaking, Standard, FM and Television Broadcast Stations—Multiple Ownership*, 33 Fed. Reg. 5315 (1968).) Known as the "one-to-a-market" rules, the provisions would bar grants of new licenses which would produce common control within the same market of two full-time broadcast stations. The Department of Justice has urged the Commission to extend these local concentration rules to include newspaper ownership, and to provide for divestiture. But such action would require a further rule-making proceeding, and so its implementation is, at best, several years off.

In December 1968, the FCC proposed similar one-to-a-market rules to include cable television within the prohibition against overlapping ownership in a single market. (*Notice of Proposed Rulemaking and Notice of Inquiry*, 15 F. C. C.2d 417 (1968).) But no action has been taken on this proceeding yet, and its future remains in doubt. The only major action that the FCC has taken against local concentration in recent times is the adoption of rules prohibiting telephone companies from owning cable television systems within their markets. (—F. C. C.2d—(1970).)

Although action against local concentration through rulemaking has been limited, there have been a number of recent adjudicative decisions which involve local concentration as an issue. Most of these cases have been initiated by the Department of Justice, rather than the FCC. But in *WHDH, Inc.*, 16 F. C. C.2d 1 (1969), the FCC took away the license of a television station owner who was also the owner of a local daily newspaper.

Outside of the rather liberal limit on the number of stations that may be owned in each broadcast service (the "7-7-7" rule), the FCC has scarcely been concerned with problems of national or regional media concentration. In 1964 the Commission had proposed rules limiting to two the number of VHF television stations that any one owner could have in the largest 50 markets. But this rule was completely ignored by the FCC, and a waiver was given to any party asking for it. In 1968 the rule was discarded by a divided Commission. (*Television Multiple Ownership Rules*, 12 Pike & Fischer Radio Reg. 1501 (1968).)

In the mid-1960's, the Senate Subcommittee on Antitrust and Monopoly considered the Failing Newspaper Act. This bill, reintroduced this year as the Newspaper Preservation Act, provided an antitrust exemption to

joint operating agreements between competing newspapers. Senator Philip A. Hart, the Chairman of the Subcommittee, used the opportunity to conduct extensive hearings into the structure and conduct of the newspaper industry. The eight volumes produced by these hearings are among the most important documents ever produced on the subject of media concentration. But despite the fine efforts of this subcommittee, and its strong recommendation against this "monopolization" bill, the Senate recently overwhelmingly approved it.

A recent bill introduced by Senator Thomas McIntyre (S. 3305) is the first significant legislative response to media concentration. The bill would prohibit newspaper-television common ownership in the same market, and would limit the number of daily newspapers owned by one company to five. However, despite the Nixon administration's declared dissatisfaction with media concentration, the President's Director of Communications, Herb Klein, indicates that he opposes this bill. Most observers have few hopes for its passage.

To gain a greater understanding of the potential and actual problems involved in the conglomerate ownership of the media, the FCC initiated an inquiry into the ownership of broadcast stations by persons with other business interests. (34 Fed. Reg. 2151 (1969).) But this inquiry was begun over a year ago, and so far there have been few results.

The FCC currently has before it two important rulemaking proposals—each of which might alleviate the current network monopoly over programming. The "50-50" rule would prohibit networks from owning more than 50 per cent of all prime time programming and would bar networks from the syndication business entirely. (30 Fed. Reg. 4065 (1965).) This rule would permit corporations and advertising agencies to contract for and produce their own programming and submit the finished product to the networks. Westinghouse Broadcasting Co. has submitted a counter-proposal. Under its version, no station in the top 50 television markets could carry more than three hours of network programming during prime time. The remaining hour or half hour would have to be filled from other sources. The purpose would be to open up a new market for independent program producers—possibly injecting fresh streams of creativity into the daily flood of mass-appeal programming. These rules have been

before the FCC for years, and final action has yet to come.

### Conclusion

The rhetoric for change exists in the United States, but thus far we have seen little concrete action toward breaking up the media monopolies which rule the country. I am not optimistic that change is near in the United States. The media owners have a life-and-death grip on the political life of the country, and they seem prepared to sacrifice journalistic integrity in the cause of increasing profits. The mere existence of this Special Committee indicates that maybe the future for Canada is not as bleak as that I see for the United States. But unless the concern generated over the problem continues, I am afraid that changes are impossible. By "concern" I do not mean political concern such as that shown by our Vice President. I mean forceful, well-planned, constructive concern, such as that which produced the initiation of this inquiry. Without such concern Canada and the United States are both doomed to increased domination and control by larger and larger media barons.

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**The Chairman:** Honourable Senators and Commissioner, it seems to me that what you have dealt with in your paper today is essentially the second chapter of your book. The second chapter of the book is entitled "The Media Barons and the Public Interest" and I would like to ask you some questions about that chapter and as would some of the senators, but I am wondering just for a change of pace, if I should ask you a few questions about the first chapter, and may I say to the Senators that what I am about to begin is by no means a dialogue with the Commissioner. If any of you want to ask questions at any point by all means please do.

The first chapter of this book is called "The Crush of Television" and it deals with some of the things which has concerned this Committee and what I would like to do Mr. Johnson is quote two or three statements from the book and then ask you to explain what you mean.

**Commissioner Johnson:** I would be happy to, Mr. Chairman.

**The Chairman:** I really don't have to ask you what you mean, it is apparent, but I just think the Senators would be interested in the beginning of the book which outlines what you mean by "The Crush of Television." You say:

"There are 60 million homes in the United States and over 95 per cent of them are equipped with a television set. (More than 25 per cent of the homes in the United States have two or more sets.) In the average home, the television is turned on some five hours forty-five minutes a day. The average male viewer, between his second and sixty-fifth year, will watch television for over 3,000 entire days—roughly nine full years of his life."

**Senator Prowse:** Between what ages?

**The Chairman:** Between his second and sixty-fifth year. I don't know where that leaves you, Senator Prowse!

**Senator Prowse:** There is still hope.

**The Chairman:** And it goes on to say:

"During the average weekday winter evening, nearly half of the American people are to be found silently seated

with fixed gaze upon a phosphorescent screen.

Americans receive decidedly more of their education from television than from elementary and high schools. By the time the average child enters kindergarten he has already spent more hours learning about his world from television than the hours he would spend in a college classroom earning a B.A. degree."

Now, I might say for your information there is nothing there which is startlingly different from the statistics here in Canada that some of the Committee members are familiar with. You go on then and you list four influences of television which I needn't repeat, and then you say that the "industry spokesmen are likely to respond with variants of three myths." We have heard a great deal about some of these things and the committee has to decide whether they are fact and it is your judgment, obviously, that they are.

It goes on to say—this is the industry saying this:

"We just give the people what they want. 'The public interest is what interests the public.'"

I would be most interested, Commissioner Johnson, if you could comment on that. won't read what you have said in here but...

**Senator Prowse:** Well, how about letting us in on it.

**The Chairman:** Well, I will quote. The commissioner says:

"To say that current programming is what the audience 'wants' in any meaningful sense is either pure doubletalk or unbelievable naiveté. There are many analytical problems with the shibboleth that television 'gives the people what they want.' One of the most obvious is that the market is so structured that only a few can work at 'giving the people what they want'—and oligopoly is notoriously poor substitute for competition when it comes to providing anything but what the vast majority will 'accept' without widespread revolution."

Isn't television a particularly well-analyzed statistically-analyzed industry and aren't the networks and the private stations responding to what the public want? I am just wondering how you would answer that.

**Commissioner Johnson:** Well, that certainly is their contention. I think it is a demonstrably fallacious contention. Mason Williams has said, "The choice you will never know is a choice you will never make". This is a problem I think that most people confront. It is possible to overstate the influence of television in our society but it is very seldom done and it's far more often that we fail to see it fully. This gets back in part to the first passage that you read from the book about the crush of television.

The general semanticist and now president of San Francisco State College, Dr. S. I. Hayakawa, has said that man is no more conscious of language and communication than a fish would be conscious of the waters of the sea. I think that is true with the really revolutionary technological innovations that we accept in our society: the telephone, the automobile, the television set. They have had an impact upon us as a people well beyond what any of us tend to be reflective about. You breathe polluted air and you don't really think about it until somebody points out to you what it is doing to your body; you pour polluted ideas into your head and into the minds of most of the people in the United States for that number of hours everyday and you have had an influence on the national spirit and the national intelligence, the information people have, the opinions they hold, the moral values they believe in. You have determined the sense of national priorities. Whether the United States is going to use its resources to go to Mars or to feed the hungry here on earth, is largely going to be a function of how the alternatives are posed to the nation on television. Every time we set up a new national commission to study the latest national disaster—it used to be called juvenile delinquency but now we have an anti-olence commission and one on race relations and so forth—they all come back to television and the influence of television on any given phenomenon in our society. I think we tend to overlook that. You know, television is just that box in the living room. Many of us don't watch it as much as many others do, and I think we probably tend to under-rate drastically the tremendous, awesome impact of this instrument upon us.

Now, then, when you come to your question about the choice of the people, I think that we are being grossly unfair when we wash over to people, 20 years of the kind of stuff that Hollywood manufactures like plastic Christmas trees on an assembly line and puts out in

television commercial products, and then expect the people to engage in intelligent choice with regard to this aspect of their culture, or any other.

Beyond that, however, I would point out that on those rare occasions when the networks do offer the people some alien and unfamiliar programming in prime time, it tends to do rather well in terms of the ratings. NBC didn't undergo commercial disaster as a result of the programming it put on last Sunday evening—"The Wizard of Oz" and then "David Copperfield" and then another drama. The National Geographic specials have done quite well after the National Geographic succeeded in beating down the resistance within the network to putting the programs on at all.

Finally, there is the point embodied in the paragraph you read which is that oligopoly tends not to produce competition. This is true in the automobile industry and it's true in the television business. The people really haven't been offered a choice. We have necessarily circumscribed the number of stations in a given community—they just don't have competition in television in the sense that you do in magazines where I think you can demonstrate that there is a far wider degree of choice.

In the United States, if you examine the subjects covered and the way in which they are covered in books, in magazines, phonograph records, the theatre, or virtually any other art form you will discover tremendous diversity and range of interest and modes of presentation, and ideas discussed, that simply do not appear on television.

Now when you give the people their choice in these other modes they often choose things other than the lowest manufactured plastic common denominator and I have no reason to believe that the same could not be true with television.

**The Chairman:** Is the largest-selling newspaper in New York—the *New York Times*?

**Commissioner Johnson:** It is a subsidiary of the Chicago Tribune Syndicate which controls the major newspaper in New York, which is the newspaper of largest circulation in the country—the *New York Daily News*. It also owns a major television station there as well as the *Chicago Tribune* and a major television station in Chicago.

What point are you suggesting?



**The Chairman:** I am suggesting that that paper outsells the *New York Times* about three to one every day.

**Commissioner Johnson:** Well, here are a great many intellectuals who think it's a much better paper than the *New York Times*. However, the fact remains that there is a *New York Times*. There is not, I would suggest, "a *New York Times* of television". There is one in the newspaper business. It can exist. And in the magazine business we can have a *Saturday Review* or a *New Republic*, *New Yorker*, *Harper's* or *Atlantic*. Where are their equivalents in television?

**The Chairman:** Mr. Fortier?

**Mr. Fortier:** How would the "New York Times of television" survive, though?

**Commissioner Johnson:** I presume the same way that the *New York Times* of newsprint survives, by advertising created by those merchandisers who want to reach the audience that can be reached through the medium involved, and through a subscription service of some kind. One of the most obvious failings of the commercial television industry, in terms of serving the people, is that the people have absolutely no control whatsoever, no participation whatsoever, in what it is they get. In a way, they still retain some role with regards to newspapers and magazines.

Now, it is true that magazines such as *Life* spend far more than they receive in subscriptions, in gathering subscriptions, so in point of fact the magazine is totally supported by advertising; but the subscriber nonetheless is paying something. In broadcasting he is paying nothing—and he is getting his money's worth.

One of the arguments for subscription television is that this would give the consumer the means of participating in the market choice that consumers have traditionally exercised, and that is putting his money where his desire may be.

**Mr. Fortier:** But ideally should not advertising be kept away all together from the "New York Times of television"?

**Commissioner Johnson:** It's not kept away from the *New York Times* of newsprint.

**Mr. Fortier:** Is the issue the same really? We have heard it said before this committee that advertisers, as indeed you indicate in your brief as well as in your talk last December in San Francisco—that advertisers buy

the audience. In other words, they will buy the program with the largest rating. So if there is no audience, no meaningful audience, how will those advertisers agree to spend money on subsidizing a program which may appeal to people like you and the Senators?

**Commissioner Johnson:** I think the answer in broadcast media can be the same as the answer to the print media. There are advertisers who want to reach specialized audiences. There are advertisers who want to advertise on classical music FM radio stations because the people they are trying to reach with their product are listening to those stations.

**Mr. Fortier:** It is very limited quantitatively and qualitatively I would suggest.

**Commissioner Johnson:** I think not.

**Senator Prowse:** How limited is it?

**Commissioner Johnson:** We have in the United States, a large number of corporations, trade associations and various institutions that would very much like to be identified with something other than the trash that is now offered to them by the three commercial networks. They include corporations like Xerox, Hallmark, U.S. Steel, Firestone, Union Carbide, and many other companies. They are seeking a positive institutionalized image because it sells some products, because it helps them in recruiting personnel, because it helps them with morale in their organizations, because it helps them with their governmental relations in Washington—for a variety of corporate purposes known best to them.

These corporations have a great deal of difficulty getting their programming onto the commercial networks, notwithstanding the fact they are fully prepared to pay the full commercial rate for that time. Xerox, with some of its very best programs, has had to go into the market itself, contact individual stations, line up enough stations to, in effect, make a one-shot Xerox network, and put on its program, because it can't get the network to accept it. The National Geographic has the same difficulty with its programming.

**The Chairman:** Why wouldn't the networks accept them?

**Commissioner Johnson:** The reason the networks won't accept them is because they believe they could do better in terms of the average rating for the evening, as a result



the phenomenon known as flow-through of audience, by trying to maximize the total audience out there for each hour without regard to how much income they derive from the advertiser.

**Mr. Fortier:** Would you agree then that the viewers of a point buy advertising as much as, if not more, than they buy program content?

**Commissioner Johnson:** I would say advertisers buy...

**Mr. Fortier:** During prime time?

**Commissioner Johnson:** I would say advertisers buy viewers more than they buy programs.

**Mr. Fortier:** We had a view expressed last week here that people will turn to a particular television program, for a particular radio program because of the advertising.

**Commissioner Johnson:** Yes, we heard about that. One of the reasons I came up, in addition to being invited, was that we are very interested in advertising, commercials, and so forth, in the States. We just held a hearing at the FCC, with the three networks present, about their increasing the number of commercials that they were running. And we heard tell that here in Canada, you have a unique form of commercial unknown to commercial television anywhere else in the world which actually attracts viewers, and I thought that I really owed it to the citizens of America to come and check this out here and see if we couldn't adopt some of these marvellous advertising techniques of Canadian broadcasters.

**The Chairman:** Well, the private broadcasters were here on Friday and here is the headline in the *Globe and Mail*—"TV commercials add Canadian content"—I don't want you to discuss that as we are going to ask you about Canadian content; but it also says "TV commercials attract viewers, broadcasters claim." Is that true in the United States as well as Canada?

**Commissioner Johnson:** Well, we have never noticed that phenomenon in the United States.

**Senator Prowse:** Is that when the water ressure goes down?

**Commissioner Johnson:** Yes, Senator, and the observation has been made that McLuhan side, there are some very practical conse-

quences of television in our society. It has, according to sociologists, altered eating schedules in about 65 per cent of the homes and sleeping schedules in about the same percentage. There have been some rather exhaustive analyses of what it has done to the birth rate that I won't spread upon the record, but it has also had the impact apparently that you refer to, which is that water systems engineers have had to re-design city water systems to take the tremendous drop in water pressure that occurs at the commercial breaks. One would think that tends to refute the assertion here—probably because of the higher quality of commercials here.

**Mr. Fortier:** That could drive advertisers away!

**The Chairman:** Well, may I quote you at page 31 in the book on this question of advertisers?

**Commissioner Johnson:** Oh, of course.

**The Chairman:** You say:

"We learn that the great measure of happiness and personal satisfaction is consumption—conspicuous when possible. 'Success' is signified by the purchase of a product—a mouthwash or deodorant. How do you resolve conflicts? By force or by violence. Who are television's leaders, its heroes, its stars? They are physically attractive, the glib and the wealthy, and almost no one else. What do you do when life fails to throw roses in your hedonistic path? You get 'fast, fast, fast' relief from a pill—headache remedy, a stomach settler, a tranquilizer or 'the pill'. You smoke a cigarette, have a drink or get high on pot or more potent drugs. You get a divorce or run away from home. And if 'by the time you get to Phoenix' you're still troubled, you just 'chew your little troubles away'."

Do you think that television reflects a false image of America?

**Commissioner Johnson:** Oh, there is no question about that, but it does much worse than reflect a false image of America. It *builds* an image as well. We tend to reflect what we see on that mirror that is our television screen. The passage that you just quoted was an effort to describe some of the impact of the commercial content in ways that go far beyond the mere selling of goods. Much of what advertisers are trying to sell us are goods that positively contribute to death of

human beings, or disease, or other degradations. Other products are simply products that we don't need, won't work, are over-priced, or otherwise unsatisfactory. A small proportion of the products are harmless.

**The Chairman:** Are you against advertising?

**Commissioner Johnson:** Some of them are actually good for you. No, the business of America is business after all, and the way you promote business is through advertising. It has been a marvellous stimulant to the growth of the gross national product.

**The Chairman:** You are against television advertising?

**Commissioner Johnson:** No.

**The Chairman:** You are against the quality of television advertising?

**Commissioner Johnson:** I will tell you really what bothers me about it. I think that advertising does perform a useful function when kept in balance and used for the distribution of products that contribute to the society. What disturbs me is when you take an entire nation's affairs and make all decisions based upon commercial considerations. That it seems to me, is a mistake.

As Mason Williams has said, "Cigarette smoking is not a pleasure, it is a business." I was deeply concerned by the position of the American broadcasters when the FCC said that under the fairness doctrine, they had an obligation to bring to the attention of their audience the health hazards of cigarette smoking. They went all the way to the Supreme Court of the United States with the rather preposterous argument—at least it was found to be so by the Supreme Court—that the First Amendment somehow guaranteed them the right to keep this health hazard information from the American people. It is the failure to temper commercial standards with anything else; it is the failure to provide the balance.

I think most civilized countries in the world have tried to accommodate commercial television but also to balance it with a strong public television system. We fail to do that in the United States.

**The Chairman:** Well, let me ask you this then. Who wants the Beverly Hillbillies? Is it the advertisers, is it the networks or is it the viewers?

**Senator Prowse:** The CBC.

**Commissioner Johnson:** Yes, the CBC.

**The Chairman:** Well, in the first instance—who wants the Beverly Hillbillies; the viewers, the advertisers or the networks?

**Commissioner Johnson:** Well, I think the advertisers principally and the networks. As one writer or producer in Hollywood told me, he said, "I am basically a shill for snake oil. I am supposed to keep the audience here for the commercial." The advertisers and the networks are looking for a formula that will result in the fewest number of people turning off their television sets. So that is really what it comes down to.

**The Chairman:** They want the Beverly Hillbillies?

**Commissioner Johnson:** That's right. And they will package the commercials in the context in which they will be shown in their best light. Just as raisins show up much better in breakfast cereals than they do in fruitcake, so commercials look much better in the Beverly Hillbillies than they do elsewhere.

**The Chairman:** The thing that troubles me in all of this, and I don't think we are really coming to grips with it. You said a moment or two ago that this chap said that he was "a shill for snake oil"—that his purpose was to hold the audience until the commercials came on.

Well, doesn't that mean really then that they are giving the people what they want?

**Commissioner Johnson:** I don't think so at all. I think we have, in the United States at least, a very broad and deep dissatisfaction with television. Judging by my mail at least this is something that spreads across the land in every geographical section, every age group from grade school kids to folks in old folks' homes, from the poverty-ridden to the chairman of corporate boards of directors, and all shades of the political spectrum.

**The Chairman:** Why don't they turn their sets off? You say 3,000 entire days between the ages of two and sixty-five.

**Commissioner Johnson:** If you are living in an old folks' home, you have very little option but to keep your television set on. If you are a two-year-old child with very little else to entertain you around the home, you have very little option but to turn your television set on.



**Senator Prowse:** Or if you are a married man and broke between pay-days.

**Commissioner Johnson:** And as the Senator says, if you are a married man and broke between pay-days. The people watch the programming which they find the least offensive of that which is offered to them. There is all the difference in the world between that and watching something which is truly meaningful and relevant in their lives.

Television programming, I think, is very much like cotton candy. It is something that is very good in attracting your attention but then after you have consumed it, you are left with this hollow, empty feeling and nothing but a toothache and very little in the way of nourishment.

*Newsweek* magazine recently did a piece on the Middle American and quoted one fellow who had gone to the same factory every day for the last 30 years, I guess, and he described his role as that of one of standing in the same place, drilling the same holes for every day of these many, many years.

He gets up in the morning and he hasn't slept very well. He gets into a car after eating a breakfast that is designed to shorten his life—not aid his nutrition—and probably upset his stomach. He gets into a car and it was deliberately designed into it, dangers that will needlessly take 50,000 lives every year in the United States, with a bumper that cannot withstand a crash of over six miles an hour without contributing to the billion-dollar-a-year theft of the American people necessitated by bumper repairs. He drives at speeds scarcely in excess of those used in horse-and-uggy days through congested traffic, breathing polluted air, to arrive at this factory where he is certainly not treated as a human being—where he stands in the same place rilling the same holes. He drives home at night reversing the process, and sits down to watch television. It promises him a fuller and richer life and happiness and satisfactions of all kinds if only he will use a different hair spray or cologne or deodorant or a mouthwash, or take the new and different pill or garette brand or whatever it might be this month.

He gets no more satisfaction from the new products than he gets from the old programs, and he goes to bed at night waterlogged, half dead in the water, and doesn't sleep very well, and starts the same process the next day. And you tell me that the American society in general and the American televi-

sion in particular is giving him what he wants.

Well, he may not be able to articulate what is wrong with his life but he knows there is a lot wrong with it, and depending upon his background and predilection he expresses that frustration in a variety of ways, which we have seen in our country.

The thing that I find so disturbing about television is the awesome, woeful, disgusting, criminal contrast between the fantastic potential that this industry has and the depressing use that is being made of it. To me that is the greatest sin. Television can contribute to the richness of people's lives; it can give them information they need; it can inspire them; it can instruct them; it can open up new visions for them. It fails to do so.

President Kennedy used to say that with great power goes great responsibility, and there is no one in our society who has greater power and therefore greater responsibility, no one who is falling more short of meeting that responsibility, than American commercial television networks, in my judgment. That is the great tragedy, and it washes like blackish water over the American people hour after hour, day after day, year after year, and produces the problems that we have in such abundance, or certainly contributes to it.

**Mr. Fortier:** But your average fellow citizen cannot articulate what he wants but you can. Are you going to impose it on him now although he has been unable to communicate it to you?

**Commissioner Johnson:** Impose what on him?

**Mr. Fortier:** A type of programming which will be commensurate with what he craves but which he has not been able to tell you that he wants.

**Commissioner Johnson:** I think the way to do that is simply to make more choice available, to make a greater richness in diversity available. One assumes, when we talk about the failures of television, that we are talking about the difference between the masses and the intellectual elite. That is not really the point at all. There is no such thing as a majority audience in the United States. That is really what is wrong with television.

It is programming for an audience which simply doesn't exist. We have 20 million people in the United States who are under five years of age. What is television doing especially for them, commercial network



television? We have 20 million people who are over the age of sixty-five, what is television doing for them? We have 22 million blacks, we have 27 million white-collar workers, we have some fifty or sixty million in schools. Ask people what really concerns them. They are concerned about the quality of their life; they are concerned about making their marriage and their family work; they are concerned about getting greater satisfaction out of their employment—about opportunities for training and for expansion and assumptions for greater responsibilities and more rewarding enterprises.

People don't get helped with these things on television.

**Mr. Fortier:** The spectrum of the package is too broad.

**Commissioner Johnson:** It's nothing. I mean, as Mason Williams says, "When television gets off into life it gets lost". A lot of the young people in the United States are interested in working on automobiles. I don't happen to be numbered among them. But they don't find anything on television that they would be interested in either. It is the difference between a program you really want to watch which is an important part of your life, which really contributes something to making your life and your day better, that you will cancel everything else so that you can sit down and watch because it is so compelling, and a program which is simply inoffensive enough that if you have nothing else to do that you are going to "watch television," you will select it rather than the other things that are on.

There is all the difference in the world between those two programs. And there ought to be a difference in the eyes of the advertiser, in terms of the commitment of the viewer to what it is he is watching, the intensity with which he is watching.

The program that means most to me is Laura Weber's guitar lessons, which is carried on educational television in the United States. I try very much not to miss that program. There is virtually nothing else on that I really care if I miss.

**The Chairman:** Did you bring your guitar this afternoon?

**Commissioner Johnson:** No, I didn't. But I have a talking blues, however, which I believe encapsules the whole problem.

**The Chairman:** In the book, much of the material is futuristic in terms of technology.

Let us be futuristic in terms of advertising and programming. Are you optimistic that these things that you have been talking about are going to change?

**Commissioner Johnson:** Yes, I am always optimistic, because if you stop being optimistic you stop getting out of bed in the mornings. I mean, you have to be optimistic. There is even some basis for optimism.

**The Chairman:** Before you come to the basis of optimism, may I submit one basis for pessimism? I was reading rather recently Alexander Kendrick's book, "Prime Time: The Life of Edward R. Murrow" and I was terribly impressed with the last two sentences. They are very short and I would like to recall them for you then you can tell me why you are optimistic.

The last two sentences were, and I quote, as I recall: "Ed Murrow was dead. The Beverly Hillbillies lived on". Doesn't that say it all?

**Commissioner Johnson:** Well, it says a great deal, but it doesn't really say too much about the new technology which was the original question you put to me.

**The Chairman:** No. I am specifically asking about programming and advertising.

**Commissioner Johnson:** Very well, let me address that.

**Senator Prowse:** You had better get then separated.

**Commissioner Johnson:** In the context of the new technology?

**The Chairman:** All right.

**Commissioner Johnson:** Our regulation of broadcasting was originally established on the premise that a full range of competition was going to be impossible. There was going to have to be a quasi-monopoly, and therefore there would have to be regulation. We now see near at hand new technological innovations, which would radically alter that structure, and the operation of the mass media and therefore the need for a regulation, and therefore, in my judgment, many of the failings which you and I address this afternoon.

We have already seen an expansion in the United States from roughly 700 AM radio stations to 7,500 AM radio, FM radio, VHF television and UHF television stations. We have seen the establishment of an education radio and television system, and the creation of a public broadcasting corporation—which

now enjoys live interconnection in prime time. This tenfold increase has provided a great amount of diversity. In large measure it just means that there are more stations in each community playing the top 40 records, but there has been some additional service as well.

Specialized radio is by now well accepted, and there are a number of cities that have 24-hour-a-day all-news programming services that did not exist before.

The next breakthrough that we see, and are now experiencing, is cable television. Now, theoretically, this offers the option of virtually unlimited number of channels into the home, and let me explain why.

The telephone which you now have in your homes and offices is itself a form of cable communication, one of the earliest. With direct distance dialing you can now interconnect that telephone of yours with that very small pair of two little twisted wires to, in the United States, 100 million originating points—100 million other telephones. And you can access those within about 30 seconds, when the television service is working, which raises yet another problem which I gather isn't of interest to this committee.

Now, cable television could do much the same thing, bringing you by way of cable a video picture in addition to sound. If that were truly done, and if you had a common carrier principle—which is terribly important because that makes all the difference in the world—you would then have something more like the magazine industry.

And let me explain that. By "common carrier system" I mean that anyone could walk into the cable television distributing company and ask for a channel to put on his program. Under common carrier principles, the cable distributing company would be obliged to make a cable available or a channel available for whatever the rate might be for the particular day or hour that was being requested.

This would mean that you would no longer have an economy of scarcity in television. It could mean that anybody through reduced production costs and some sale of advertising could put on his own program, underground or whatever it might be. It would make possible the equivalent of the underground newspaper, or the fluidity which we have in the magazine industry.

Added to this, or complementary to it, is the concept of subscription television, which is put back in the hands of the audience a total marketplace control over what is pro-

duced and what is made available; it makes it possible for people who are prepared to pay for it to get programs that would not otherwise be made available to them. These could of course be distributed over the air, which is now being proposed by the Federal Communications Commission in the United States in the largest markets, but it could also of course be done with a cable distribution system as well.

If the common carrier principle is adopted in the United States, I see great hope for this particular combination of innovations. Beyond that, once you have access to virtually an unlimited number of continuously programmed channels you pretty soon find yourself moving into a totally viewer-controlled system. In other words, you could access from your television set a library with a collection of films, television programs and so forth which you would watch when you want to watch it, with or without commercials, however you want to pay for it, or this could be distributed instead of being distributed down a line from a library it could be distributed with a hard copy being delivered to your home in the form of video tapes, or the EVR system of CBS—the video records.

This makes or turns the television business into something more like the record industry in which virtually anybody can get into a recording studio, cut a record and make copies available, and it would make it possible for distribution, in a mass way, virtually any idea.

**The Chairman:** What did you mean when you wrote this about cable in your book at page 153:

"Its fate is now being determined in a grim political and economic struggle with the giant interests whose prosperity and power it has challenged—the broadcast industry and the telephone companies. As this battle unfolds, only the CATV industry is there to speak for its own economic interests. Almost no one speaks for the public."

What did you mean by that?

**Commissioner Johnson:** Well, I meant that almost no one speaks for the public.

**The Chairman:** Doesn't the FCC speak for the public?

**Commissioner Johnson:** Well, that was the theory under which the agency was set up, but as has been the pattern under which most



regulatory agencies have evolved, they very quickly come to be the hand-maidens and spokesmen for the very industries that they are supposed to be regulating.

There was an amazing story told about the creation of the ICC—The Interstate Commerce Commission, which is responsible for regulating railroads. It is sometimes referred to as the granddaddy of the regulatory commissions (a term referring more to its age than to the affection in which it is held by its grandchildren). A railroad company president is alleged to have written the Attorney-General asking what on earth the administration was thinking of in establishing this agency, and he received a reply back as follows:

"The Commission... can be made of great use to the railroads. It satisfies the popular clamour for a government supervision of the railroads, at the same time that the supervision is almost entirely nominal. Further, the larger such a commission gets to be the more it will be found to take the business and railroad view of things. It thus becomes a sort of barrier between the railroad corporations and the people and a sort of protection against crude legislation hostile to railroad interests... the part of wisdom is not to destroy the Commission, but to utilize it." (Letter of Attorney General of the United States Richard Olney to Charles E. Perkins, President of the Chicago-Burlington and Quincy Railroad, December 28, 1892, quoted in Josephson's, "The Politicos", page 526.)

Thus reassured, the president of the railway company is supposed to have given his support to the creation of this agency.

The Federal Communications Commission was likewise established in the 1920's as the Radio Commission. It was the result of a series of conferences called at the urging of the radio industry. They were presided over by that great spokesman for the New Left of the twenties, Herbert Hoover, who was then the Secretary of Commerce.

The FCC has been basically true to the pattern. What happens, of course, is that the agency, in its desire to bend over backwards and be of help to the industry, often gets itself into such a weakened position that it is likely to do more harm than good.

I could document that with a number of instances, but I won't take up your time with them now.

**The Chairman:** Well, then, as far as CATV is concerned, in the United States at least, people are on your side looking in—that is what you are saying?

**Commissioner Johnson:** Well, what has happened is that the FCC is held back the development of cable television until the broadcasters could buy up all the systems. They now have control of a sufficient number of systems and the FCC is now prepared to open up and let the industry grow a bit. Whether that was by design at the time or not I wouldn't allege, but that's been the net effect.

**The Chairman:** Mr. Fortier?

**Mr. Fortier:** We have an agency in Canada called...

**The Chairman:** Do you have a supplement, Senator Prowse?

**Senator Prowse:** Yes, Mr. Chairman. We are down talking about cable television so let's deal with that one.

**The Chairman:** All right. We will get back to you, Mr. Fortier.

**Mr. Fortier:** Thank you, Mr. Chairman.

**Senator Prowse:** I understand from information we have had from our research and from one or two things that I have read here, that this cable television development is not something way off in the future, but we could have it right today, couldn't we?

**Commissioner Johnson:** Not only could, but do.

**Senator Prowse:** But in the United States you have 3.6 million viewers—we have 450,000 which is about 30 per cent more per capita than you have.

**The Chairman:** You are talking cable viewers?

**Senator Prowse:** Yes; cable viewers.

**The Chairman:** Well, I just wanted to make sure that we understood that.

**Senator Prowse:** Why don't we set this thing up in the grid and get rid of these antennas and all of this nonsense and the interference? What is holding it up? Can you tell us what is holding it up in the United States? I know you can't tell us what is holding it up here, we are I think aware of that



but we would like to know what your problem is.

**Commissioner Johnson:** Let me first of all address your premise then your question. Your premise is that if we had cable television we could close down the over-the-air stations?

**Senator Prowse:** Well, that really wasn't...

**Commissioner Johnson:** I am not sure if that is so. At the very least there would be a very long transition period while the wiring-up was done. Beyond that, however, the concern has been expressed that those living in sparsely-populated areas have very little alternative means of receiving any television service at all due to the economics of wiring or cable. This is a problem that the United States also was confronted with, telephone installation in rural areas, and we ultimately had to fund through subsidies from the federal government.

The initial problem is that at the present time at least, most of the programming is being originated by and for over-the-air broadcasters. Little or no programming, or meaningful programming, is being programmed by the cable companies. So that, at the present time, if you were to close down the over-the-air stations, you would have very little that you could put out over the cable system. This matter has come up in the United States with regard to the demand for greater frequencies for land mobile radio and frequencies used in taxi-cabs and police cars and operations of that kind.

The point has been made that unless you could virtually close down over-the-air broadcasts we have very little left in frequencies. I am not sure that your premise required that much analysis but I felt I should address

**Senator Prowse:** Well, I appreciate that.

**Commissioner Johnson:** Beyond that, you asked why cable is being held up. The cable television issue was originally conceived in the United States as a conflict between broadcasters on the one hand and cable television operators on the other.

It was viewed by the telephone companies as a potential competitor. It was viewed by the broadcasters as a potential competitor, and there was no one really to speak of the potential benefit to the country from cable television—not alone as a source of the distracting by cable a television product but

also as a way of providing access to computers, closed-circuit television, facsimile transmission of newspapers and other materials to the home and so forth.

Because cable television issues were seen by others in terms of a conflict between broadcasters and cable men, the FCC perceived it in this fashion, and intended its regulations as protection to the broadcaster, rather than really getting on with the job of analyzing the problems in cable as well as the potentialities to the consumer.

**Senator Prowse:** Well, why would you protect the broadcasters? You don't protect the coal miner and you don't protect the businessman that is going out of business on the corner, so why would you protect the broadcaster, because he has had a pretty good thing for quite a long while anyhow?

**Commissioner Johnson:** Because the broadcasters have considerable power.

**Senator Prowse:** In other words, it's the practical implications between the power structure and the political structure and the reliance on each other that has resulted in a reliance on the part of governmental institutions to use the same ruthlessness of the market-place that they would use on an antiquated industrial production system in any other part of the economy?

**Commissioner Johnson:** That is my judgment, yes.

I might refer back again to what I said earlier, however, about the belief that there are benefits to an over-the-air system for those living in remote areas.

**Senator Prowse:** All right. Let's take the over-the-air system and the cable television system and let's put the two of them together.

Would you agree with me that in one week in the best listening area in the United States, where you had access to three systems plus UHF, that if you got one good program a week you would be lucky? You can leave out newscasts for a moment.

**Commissioner Johnson:** Well, that may be a little harsh but I wouldn't differ with you greatly as to your conclusion. Charles Sopkin who wrote the book "Seven Glorious Days, Seven Fun-Filled Nights" after watching the ten channels in New York City through a bleary-eyed week, concluded that when he began, he expected the ratio of trash to worthwhile programs to run something like

three to one and when he had concluded he discovered it was more like 100 to one.

**Senator Prowse:** Yes.

**Commissioner Johnson:** So his empirical study supports your judgment.

**Senator Prowse:** My judgment is based on two weeks in New York and three weeks in Dayton, Ohio. I was able to look at TV whenever I wanted to and see it and judge it; and I can't remember a single program that I saw in either place—except in New York City where they had the civic election programs on and there were one or two of those which were a little astounding to me as a visiting politician...

**Commissioner Johnson:** Well, this is really what I meant when I referred to compelling programming.

**Senator Prowse:** Yes.

**Commissioner Johnson:** There are programs, a great number of programs, that are actually so offensive or so boring that you would far prefer to have the set turned off rather than to watch them at all. There are other programs which are really not very interesting, but if you had absolutely nothing whatsoever to do except to watch television you would prefer to have the set on rather than have it off. There are other programs that you actually rather enjoy and there are some that are really compelling. I think there are some which can be very compelling and I think they relate to something you are interested in, or they are showing you something and they are of value and contributing to your own personal life in some way. It's just that there are very, very few in the last category.

**Senator Prowse:** Well, leading on from that, I would like to get to the calibre of programs. The cost of programming—we have been told—is in the neighbourhood of \$1,000 a minute.

**Commissioner Johnson:** Unless it happens to be a commercial minute, in which case the cost would be more likely sixty to seventy-five thousand dollars.

**Senator Prowse:** Well, let us leave those out for the moment here.

**Commissioner Johnson:** When you look at the allocation of programming production costs among all the minutes during the half-hour, it's very clear where the industry's

interest lies. It lies in producing those minutes that relate to products rather than those minutes that relate to programming.

**Senator Prowse:** Suppose we do as you suggest or as I understand some things you have said here. I think you and the Commission are agreed that you think it would be desirable—you wouldn't have networks; that everything would be individually owned, that every communication outlet would be individually owned and not associated with another.

Is this commercially possible?

**Commissioner Johnson:** Yes, I would think so. That is to say that each enterprise has to stand on its own anyway. It is undoubtedly true that there are some AM and FM radio stations that are run jointly in the very smallest communities in the United States where the economies of joint operation are such that they would not be economically viable as separate entities.

It is also true that there are probably some UHF television stations in the United States that are being run by multiple-station owners at a loss because it just would not be economically viable and they would not yet be on the air but for their willingness to sustain that loss.

However, by and large, this is an industry that is making truly gargantuan profits, and most station-owners are really doing quite well, and to suggest that they have to be multiply owned in order to make a profit I think would be very difficult to sustain.

**Senator Prowse:** Could you suggest—let's take a hypothetical case—suppose you were being asked by the State of Alaska to make recommendations as to how they might set up an ideal system of television for their people that would give them a maximum choice and minimize the control in the hands of a particular individual; have you any suggestions as to how they might with a small, marginally economical station, be able to provide what you have referred to as meaningful programming?

**Commissioner Johnson:** Well, I think part of what we need to do—it has really nothing to do with population density—is simply reorient our thinking about the role of the mass media in our society. The three commercial networks in the United States have demonstrated that you can produce what I have characterized as plastic Christmas trees and get people to look at them, and you can do this on an assembly-line basis, but the med-



it seems to me has a higher responsibility and a more important role to play in our society.

The media truly belong to the people and they ought to be used by the people. The letters to the editor column in the newspaper is a rather feeble gesture in the direction of inclusion of people in making this a true method of communication and suggests a two-way process. Where is the letters to the editor column on television? There is so much going on in the real world, all kinds of talent that exists that never finds its way onto television. This is not just a matter of rights of access guaranteed through court suits, it's a matter of training in the schools, in the arts of the use of audio tape and video tape and film. It's making available production facilities that citizens can use. It's inviting them in, asking them to come, because very few people will assert themselves enough to come. It's going out into the streets with an audio tape recorder and talking to the people. Covering events and affairs as they happen, staging discussions of important community issues that otherwise would not have been held, and covering those that are already being held—quite literally turning the media back to the people, out to help build a sense of community, and to reduce the sense of alienation that is so prevalent in the United States, in the large cities especially.

That is the kind of job that television could do but is not doing.

**Senator Prowse:** Isn't this the problem—that the whole communications industry is set up to get the advertisers' dollars today?

**Commissioner Johnson:** That's right.

**Senator Prowse:** This is the whole basis of the problem, and if we are to solve it, then don't we have to educate the people so that they will demand the entertainment and education and information industries be separated in the electronic area from the advertising industry; otherwise we are caught in a mousetrap we can't get out of?

**Commissioner Johnson:** Well, if I may respond to that, Mr. Chairman.

**The Chairman:** Yes, by all means.

**Commissioner Johnson:** There is a new magazine in the United States called *Scanlax*, that some of you may have seen. I have seen it on the stands up here. And the editor of that appeared with me on a panel in New York recently. He made the suggestion that we have something called print pollution,

which is in his judgment the publication of a great deal of material which people really have no need or desire to read, that is published to fill up magazines that need to carry advertising messages to people. He pointed out the tremendous amount of money that magazines spend in trying to get new subscribers and the very low rates they charge and so forth. A lot of people are really subscribing to magazines which they really don't want, because they are not really paying too much for them and they are not particularly interested in them.

So his proposal was that we should have a six-month moratorium in the United States during which there would be no advertising in any magazine. All magazines would be required to charge a newsstand price or subscription price sufficient to cover their sole cost of production and a profit.

At the end of the six months we would look about and see how many magazines still remained. Those magazines that still remained around have really meant enough to the reader that he was willing to pay for what he was getting—his proportionate share of what he was getting. Those magazines would then be permitted to return to advertising in modest amounts.

Well, I think the same kind of point can be made about television, which is in part what you are suggesting.

**Senator Prowse:** Well, it's an interesting story but I don't know whether it is a completely valid one.

**Commissioner Johnson:** Well, I am not suggesting that you are proposing that particular resource...

**Senator Prowse:** No.

**Commissioner Johnson:** Only that you are proposing a kind of an analysis of what the problem is.

**Senator Prowse:** Well, not just that type of analysis but we do have two problems today. One is the pervasiveness of advertising all through everything, and in order to meet its demand, we have had a complete debasing of the media which could be of tremendous value to people. Everybody is getting a little fed up with it, so it may be defeating itself in the end anyway.

**The Chairman:** Well, perhaps at this point I could interrupt long enough to say that I think we will adjourn now until 4:25. We will adjourn for ten minutes. Thank you.



## [Short Recess]

**The Chairman:** Honourable Senators, if I may call the session back to order. I would like to begin by asking you a question—I would like to turn the discussion, Commissioner Johnson, to concentration of ownership and to your discussion on the media barons. I would like to read two quotes, and ask you to comment on them.

The first quote is from the statement you made today and the second quote is from the book. Perhaps I could read them both and then ask you to comment.

At page 12 in your statement you say:

"The raw, crass power of the media in the United States is shown by its ability to get essentially any single piece of legislation it wants passed by the Congress."

That hit my eye because one day here Senator McElman used almost those very words—certainly the raw, crass power—in fact I think those were the actual words he did use...

**Senator McElman:** I am glad so many remember my words!

**The Chairman:** Well, I raised the point because that particular day the witness, who was a publisher, told Senator McElman on and said that this terminology was a gross exaggeration. I am not sure whether or not Senator McElman conceded the point but I am sure he is as interested as I am in seeing almost the same wording in your presentation.

The other quote is from the book and this is a quotation that I am frank to say, I think first appeared in the Atlantic Monthly, and I have used it many times. I think it is worth quoting here and putting on the record, then perhaps I will ask you to comment on it. You say:

"I do not believe that most owners and managers of the mass media lack a sense of responsibility or lack tolerance for a diversity of views. I do not believe that there is a small group of men who gather for breakfast every morning and decide what they will make the American people believe that day. Emotion often outruns the evidence of those who argue a conspiracy theory of propagandists' manipulation of the masses.

On the other hand, one reason evidence is so hard to come by is that the media tend to give less publicity to their own

abuses than, say, to those of politicians. The media operates as a check upon other institutional powers in our country. There is, however, no check upon the media. Just as it is a mistake to overstate the existence and potential for abuse, so, in my judgment is it a mistake to ignore the evidence that does exist."

We would be I think interested in knowing if you could state some of the examples of the evidence that does exist.

**Senator McElman:** Before you move into that, could I put this into its real perspective?

**The Chairman:** Well, if I didn't, you may, yes.

**Senator McElman:** I used those words but I said in Canada "we had the potential for the use of raw, unadulterated power". In deference to Mr. Johnson I used the United States as the example of how such power can and has been used upon Congress itself to block or reduce the effect of legislation proposed by Congress. That is the total context.

**The Chairman:** Thank you.

Could you, Commissioner Johnson, give us some examples of this kind of power and this evidence of abuse?

**Commissioner Johnson:** Well, I would be happy to. I might also simply cite some general sources. One is the chapter in the book "How to Talk Back to Your Television Set" entitled "The Silent Screen" in which I document a number of instances of corporate involvement in the content of programming.

A second source would be an opinion National Broadcasting Company, 16 FCC 2, 698, which dealt with a situation in which a major American television newsman, whose name would be known to all of you, was found by the FCC to have been editorializing against the Wholesome Meat Act at a time when he and his business associates had an interest in that legislation, and in the foot notes to that opinion I cite a great many other instances.

Finally, there was a speech I gave to the Radio and Television News Directors' Association in Detroit this past year, which has been reprinted in our Congressional Record 115 Cong. Rec. E10178-82 (daily ed. Dec. 1, 1969) which contains a great many more examples.

The case that first brought this to my attention, the problem generally, was the ABC-IT

merger. This would have been the largest merger in broadcasting history. It did not ultimately go through. The decision of the FCC approving it, over the dissent of three commissioners, was appealed to the United States Court of Appeals by the United States Department of Justice, and while that appeal was pending ITT backed out of that merger.

One of the concerns in that case was that ITT might view ABC as simply a part of its public relations activities, and that it might use pressure from ITT on ABC to try to distort some way the coverage of news items.

**Mr. Fortier:** And indeed did while the case was pending.

**Commissioner Johnson:** Well, that was the point I was going to come to.

**Mr. Fortier:** I am sorry.

**Commissioner Johnson:** Yes, indeed. The companies responded there by saying, "Oh, goodness, no, we would never do anything of that sort"—assurances which the Commission majority was fully prepared to accept. But when the case finally did go to a hearing, while that very hearing was pending on the very issue of whether ITT would ever interfere with news judgment, the *Wall Street Journal* broke the story that an ITT senior executive vice-president and numerous other corporate officials were in fact bringing rather extraordinary pressures to bear on the wire service reporter and a reporter for the *New York Times*, and so forth, calling them at their homes, calling them as soon as the wire service copy began to move, trying to get the stories changed, et cetera.

They called the reporters in an effort to try to get them to get confidential information out of the Justice Department about its intentions in the case, in their role as reporters, which ITT wanted them to pass on to ITT for its use in that litigation. It was a rather extraordinary spectacle, actually, of disdain for the proper role of the media.

There have been instances of intra-corporate memoranda that have come down ordering certain stories not to be covered or other stories to be covered in a particular way, instances of broadcasters taking positions in opposition to pay television or cable television without providing opportunities for other points of view to be heard. A long list of these instances have come up over the years, and it's remarkable really that they exist.

As you read, Mr. Chairman, in that passage from the book, usually these matters are not

handled in the form of intra-corporate memoranda, they are handled in the form of sort of an unspoken understanding on the part of everyone involved.

The dangerous pattern, in my judgment, goes through these phases. The reporter or the producer comes up with an idea which he presents and the idea is turned down; he comes up with another idea and it is turned down; he comes up with a third idea and it is turned down. And by now he begins to see a pattern. Whenever he comes forward with an idea that somehow is disruptive of corporate interests a story gets killed, or the documentary never appears.

The second phase that he goes through is that he gets the ideas but he fails to propose them to his supervisors because he knows the ideas are going to be turned down.

The final stage he enters is when he no longer has the ideas. That really is the most dangerous phase. You then reach the stage when there is no need for censorship because the ideas are no longer even being thought of, let alone proposed.

However, this is a matter to which those of you who are in the political system here and those who are actually reporters and publishers can speak with greater authority than I have. All I have done is simply gather together the examples that I have come upon as a result of reporters talking candidly to me and as a result of my reading the articles and books that they have written about the problems they confront. Where else would I get the information except from the people within the industry themselves? But the three sources which I have cited, I think, along with the ABC-ITT opinion—especially the first dissent and the footnotes—are probably the best collection of horrible and damaging corporate involvement.

**The Chairman:** In the book you talk about possible solutions to the problems of concentration and you point out first of all that technological change is likely to increase the problem. You say: "Technological change"—and I am quoting you now—"...is likely to be changed to even greater concentration..." But you then suggest five solutions. I would like to ask you for a couple of comments in talking about solutions. You say:

"...it is clear to me that we simply must not tolerate the concentration of media ownership—except where concentration creates actual countervailing social benefits. These benefits cannot be merely



speculative. They must be identifiable, demonstrable and genuinely weighty enough to offset the dangers inherent in concentration."

Could you give us an example of the kind of media concentration which there would be or could be countervailing social benefits?

**Commissioner Johnson:** Well, it is hard for me to think of the benefits but...

**The Chairman:** What did you have in mind there?

**Commissioner Johnson:** Well, what I had in mind was that it seems to me that one should be open-minded on this. I would start with the presumption that there ought not to be any concentration; that each outlet of opinion ought to be independently owned. Now if you are going to move from that position to a position of some concentration, it seems to me that the burden is on the person who wants it to demonstrate that he should be permitted to own more than one. But that should not be an insurmountable burden. He may very well be able to come up with reasons why the benefit to the public interest is substantial and clearly demonstrable, and the public will suffer some irremedial harm if he is not permitted to own more than one. If he can so demonstrate we ought to be prepared to have that measure of concentration.

However, it seems to me that that is where the burden ought to lie. At the present time, before the Federal Communications Commission the burden is rather the other way about. The unspoken implied presumption is that anyone who wants to merge ought to be permitted to do so unless Commissioner Johnson can come up with compelling reasons as to why it should not be approved. It just seems to me that is rather backwards, that's all.

**The Chairman:** You tend to dismiss the anti-trust laws as being helpful. You say that they can block concentration only when the threat is economic. Could you discuss that?

**Commissioner Johnson:** Well, in general the anti-trust laws are directed to economic concentration and problems in the marketplace. You can have the same kind of economic consequences from concentration in motion pictures or magazines or books or television or newspapers that you have in economic concentration in steel or automobiles or any other industry.

Basically the anti-competitive practices—higher prices, less technological innovation, tie-in agreements, and monopoly power of various kinds—can exist in these industries as well.

The point is that that is not really the problem, or at least it is not the first problem. We need to be concerned, it seems to me, about a great deal more than simply economic concentration. What we are concerned about is concentration in the marketplace of ideas. And there, it seems to me, at least for the United States, I want to see the greatest possible diversity and I am prepared to pay an economic price for that diversity. I mean, I am willing to forego the possible economic efficiencies that might come from only having one newspaper in the United States or only three national commercial networks.

**The Chairman:** You write off the anti-trust laws as being useful—I shouldn't say you write them off—you write them off in this context—you tend to dismiss the politician—you have a very colourful passage here. You describe—you say:

"Whenever the FCC stirs fitfully as if in wakefulness, the broadcasting industry scurries up the Hill for a congressional bludgeon. And the fact that roughly 60 per cent of all campaign expenses go to radio and television time gives but a glimmer of the power of broadcasting in the lives of senators and congressmen."

Well, if the government isn't going to give the lead where is it going to come from?

**Commissioner Johnson:** Well, the reason for the book, "How to Talk Back to Your Television Set," is to address that question, and I think, at least in the United States, ours is very much a do-it-yourself country and do-it-yourself government. We do have institutions that are responsive to pressures of all kinds not just to evil pressures, not just to the pressures of economic self-interest and corporate greed. But it is up to the people to organize and express their views and to utilize this legal machinery that is available and lie about rusting waiting to find somebody to push the start button.

**The Chairman:** If the president said to you "Commissioner Johnson, I am going to make you the head man of all broadcasting and communications in this whole area"...

**Commissioner Johnson:** That is such a preposterous assumption I find it impossible to address it.



**Senator Prowse:** They would lock you up!

**Commissioner Johnson:** Yes; me AND the President!

**The Chairman:** The question I was going to ask, and I won't even give it a preamble, if you were dealing with concentration would you propose only prospective standards or is the situation such that you would require divestiture of existing concentrations? That is perhaps a tough question.

**Senator Prowse:** It is a very good question.

**Commissioner Johnson:** No, I think it is a very appropriate question. It seems to me as our Justice Department advised the Federal Communications Commission, one simply must deal with divestiture if for no other reason that it's quite unfair, putting the public interest aside, it's quite unfair to those in the industry to permit some to have an economic advantage and to be locked into that economic advantage and exclude others from competing with them. I would think that you would want to put all on an equal footing in the United States, but you may very well have other considerations here.

**The Chairman:** Mr. Fortier?

**Mr. Fortier:** Mr. Johnson, when Mr. Henry, chairman of the Canadian Restrictive Trade Practices Commission, appeared before this committee, he recognized a problem which has also been encountered in the United States in trying to apply the marketplace anti-trust statutes, the Sherman and Clayton Acts in the States to the communications industry. It was the fact that the "wares" which were being offered for sale consisted of advertising and as long as there were no restrictions as to the number of advertising outlets, the Act could not be resorted to. Our Restrictive Trade Practices Commission in two of three instances where it looked at the concentration of ownership in newspapers, found the Act was useless. I gather that you in the States have encountered the same problem.

The question that we put to Mr. Henry was how are you going to evaluate whether or not a newspaper for example is doing a good job; whether a newspaper in its presentation, in its content, is serving the public interest. I ask you the question: how have you in the United States resolved that particular problem in seeking to prevent the concentration of ownership within either the newspaper field exclusively or within cross-communications

media? Do you look at the program content for example with respect to television and radio? Do you look at the newspaper content and do you say is this what the public wants? Does this fare serve the public interest?

**Commissioner Johnson:** Well, you have asked me a number of questions there. Let me say, first of all, that we do have the problems to which you and I have both alluded with attempts to analyze the problems of concentration and control of the mass media within the classic anti-trust economic standards that tend to leave you to examinations of the advertising market. In the case of motion pictures and television product, you can also look at the impact upon the market for potential producers of programs. In newspapers you could look at the market for syndicated columnists and things of that sort. So there are other business aspects which one could address. And there have been some cases in the United States in which we have looked at the advertising and taken some action as a result. In general I would agree with you that we have to look beyond this, and that presumably is what the FCC "public interest" standard is supposed to be all about. This is supposed to enable the FCC to apply the standards in the anti-trust division.

**Mr. Fortier:** As you were asked on the program "Face The Nation" back in December—if there were more Nicholas Johnsons on the FCC, would the FCC work?

**Commissioner Johnson:** Oh, I don't know. I don't know what I responded on that particular occasion.

**Mr. Fortier:** I can give you your answer if you wish.

**Commissioner Johnson:** Well, please. I will see if I still believe it now.

**Mr. Fortier:** Well, you give me today's answer then I will tell you your answer.

**The Chairman:** Well, in fairness to the witness, I think we will have the December answer.

**Senator Prowse:** On the advice of counsel, don't answer!

**Mr. Fortier:** Is it the men or the system? "If there were more Nicholas Johnsons, would the FCC work in your view? Your answer was—"Well—" Continuing the interview, Mr. Herman asked:

"If you had a majority?" And you replied: "I think that historically it has been the

case in most of the commissions that you have one or two, a minority, on the commission who speak out with some independence. That has historically been the case at the FCC. The difficulty at the FCC, with seven commissioners, a majority is four. And so on every issue the problem is, can you count up to four. And it's very difficult to do."

**Commissioner Johnson:** I think that tradition plays a heavy role in the quality of service and the character of service that you get from public officials. A nation could have a standard excellence in appointments where this is rewarded politically and is simply expected as a matter of course. But I think this depends in large measure on the public pressures that do exist on government—some organized unit within the society that is pressing for good government, representation of consumers, of taxpayers, of citizens, of viewers and whatnot, in order to bring balance into it. Sure it is possible and I am sure you have many examples here of agencies which you feel are functioning well, and in the public interest.

**Mr. Fortier:** We have our own supervisory and regulatory agency in the field of communications which is called the Canadian Radio and Television Commission which has only been in existence for two years now and it also had its predecessors. One of the problems which the CRTC has applied its mind to, and which is one I don't think the FCC has ever concerned its mind with, although if it has I would very much like you to correct me, and it has to do with the citizenship of the owner of communications media.

In Canada recently the CRTC acting on directions from above, meaning from the Canadian Cabinet, the Canadian Government, has said no one who is not a Canadian citizen may effectively own "more than 20 per cent of a broadcasting industry". This was particularly directed to CBS, RKO and Famous Players who controlled, particularly in the CATV field, an excessive amount of outlets of broadcasting media.

Do you as an American and one who is concerned with the communications media principally, although not exclusively in the United States of America, do you think that this is a valid approach for an agency such as the CRTC, or such as the FCC, to say insofar as ownership is concerned that we will only allow our nationals to effectively own our broadcasting industry?

**Commissioner Johnson:** That is a standard which is applied by the FCC as well. I would presume that this is a standard practice in most of the countries of the world.

**Mr. Fortier:** Has there ever been such a problem of that sort in the United States?

**Commissioner Johnson:** Yes.

**Mr. Fortier:** There has?

**Commissioner Johnson:** Yes.

**Mr. Fortier:** Could you give us instances?

**Commissioner Johnson:** Well, I am not sure I could, to tell you the truth.

**Senator Prowse:** The ITT and ABC was precisely that, wasn't it?

**Commissioner Johnson:** There was a problem back in the 1930's with regard to ITT's operation, and the suggestion was made that it was substantially controlled by foreign interests. We have a provision in our Act regarding ownership by U.S. citizens. Occasionally foreign corporations wish to hold licences for mobile radio equipment...

**Mr. Fortier:** Is there a provision made for minority equity interests by non-U.S. citizens?

**Commissioner Johnson:** Yes, I believe so.

**The Chairman:** A present example comes to my mind is Jack Kent Cook who had extensive radio holdings in Canada and now is a broadcaster in California, and I believe special legislation was passed through Congress...

**Senator Prowse:** Yes, to make him an American citizen.

**The Chairman:** Yes, Senator Prowse, I think that is right.

**Mr. Fortier:** That's right. Well, that is the ownership—that is the foreign ownership aspect. Now, as far as the content is concerned—in your paper prepared for the Trade Regulation Roundtable, Association of American Law Schools' Annual Convention in San Francisco, California, in December, '66, you refer to how content control was exercised, and you say that it was mainly exercised in five areas.

There was the direct content specification, the personnel policies, the financial policies, the anticipatory self-censorship, and the outside pressures on management. I was very



curious to note that nowhere do you refer to the content control which could be exercised by the FCC. Why is that?

**Commissioner Johnson:** I suppose because it is so far from the experience of mortals. In other words, it would simply not have occurred to me.

**Mr. Fortier:** You one-hundredth of one percent content control that you referred to earlier...

**Commissioner Johnson:** Yes.

**Mr. Fortier:** This would be the infinitesimal area where there has been such a thing as content control by the FCC in the United States?

**Commissioner Johnson:** I would have to defer to you for any examples of anything that you would recall that would involve content control by the FCC.

**Mr. Fortier:** In view of what you refer to as bland television programs which is the common fare of television stations, why is it that you complain, you criticize and you do it very eloquently and very effectively, but I am forced to ask you the question: what has the FCC ever done to change the fare which is offered to the American viewer?

**Commissioner Johnson:** I think very little.

**Mr. Fortier:** And why is that?

**Commissioner Johnson:** Again, it comes back to the matter of political power of the industry.

**Senator Prowse:** And you terms of reference?

**Commissioner Johnson:** I beg your pardon?

**Senator Prowse:** And you terms of reference?

**Commissioner Johnson:** I guess I don't understand.

**Senator Prowse:** And the framework within which you exercise your authority?

**Commissioner Johnson:** No. I think basically the FCC has ample authority under the Communications Act to do anything that is not immoral. We have been established essentially to work "in the public interest", which is the phrase of Congress, and it seems to me that that authorizes us to do very nearly

anything that seems reasonable and is not arbitrary and is grounded in some fact.

**The Chairman:** Mr. Fortier?

**Mr. Fortier:** Commissioner Johnson, your bland programs which are not censored as to content by the FCC, which are shown on our Canadian television stations, not only become bland programs, but they become U.S. programs; and this is where the CRTC has said "Aha, we must regulate the program content". As I am sure you are well familiar they have issued a proposal recently which would increase to 60%, the average of Canadian content on television during any given day and this would even include the prime-time period.

Now, as our Prime Minister has said, living next to the United States is like being in bed with an elephant—the elephant is far-reaching, particularly...

**Commissioner Johnson:** He has had a wide range of experience, hasn't he?

**Mr. Fortier:** Well, some others have been excluded, like Barbra Streisand!

**The Chairman:** May I suggest that Mr. Fortier and the witness get back to a discussion of mass media!

**Mr. Fortier:** Mr. Johnson, as a man so immersed in the field of communications, what are your views about a broadcasting regulatory and supervisory agency saying to its broadcasters "You must show national fare during a minimum 60% of the time"? Would you term this anti-Americanism or would you term this good policy?

**Commissioner Johnson:** I would term it neither. I would term it an area of public policy that lies well outside the jurisdiction of a United States Federal Communications Commissioner.

**Mr. Fortier:** Of that I am certain, but I am addressing the question to you as a man well-versed in the industry, not necessarily as a Commissioner.

**Commissioner Johnson:** Well, I am not sure that it is a matter that has anything to do whatsoever with the industry. I think it has all to do with the kind of Canada that you wish to build, and I think that is a matter about which only Canadians can know.

I, as a matter of law, would have no difficulty whatsoever justifying as within the jurisdiction of the FCC a comparable ruling



by our agency. It is highly unlikely that we would ever be motivated to do so since well in excess of 100 per cent of our programming comes from American sources.

**Senator Prowse:** You would get into trouble if you tried it?

**Commissioner Johnson:** Yes.

**Mr. Fortier:** But you could be motivated into ruling: no more American westerns!

**Senator Prowse:** Oh, no!

**Mr. Fortier:** As an example.

**Commissioner Johnson:** Well, we have gone so far as to have the Surgeon-General enquire as to whether or not there should be no more programmes with violence, although that is not an honour that is limited to the western.

**Senator Prowse:** What would we do without Audie Murphy!

**The Chairman:** If I may—I am less interested in the regulatory powers of the CRTC vis-à-vis the FCC, then I am in the whole problem we have here. It is perhaps unfair to ask you to comment, but I am going to anyway. I know you well enough that you won't if you don't want to, but this whole are of Canadian content—were you going to pursue this part, Mr. Fortier?

**Mr. Fortier:** Well, I have received my non-committal answer.

**The Chairman:** As Mr. Fortier has said so well, the programming of which you are so critical is probably even more critical here because it is coming to us with respect, which you will appreciate, from a foreign country.

**Commissioner Johnson:** Yes.

**The Chairman:** I recall Mr. Johnson, the first time we met; it was a hot summer evening in Toronto and I remember one of the first things you said was that you were surprised to find out that on the publicly owned broadcasting system, the CBC, at 8 o'clock Sunday night—I suppose, the prime of all prime times—carries Ed Sullivan on the national network. You found that rather surprising.

Would you comment on that? Why did you find that so surprising?

**Commissioner Johnson:** Well, I don't like commenting on it.

**The Chairman:** I don't want to put you in an impossible position.

**Commissioner Johnson:** Well, I can comment as an American on what I value about the diversity that is offered by Canadian culture in North America. I happen to think that everybody benefits from diversity. I think that America is stronger and better for the differences that do exist here in Canada, and among those I would include the Canadian Film Board and its product of films and the men who have been trained under that programme who have done some marvellous work.

The instance you referred to follows upon a meeting I had with some CBC television people about programming and midway through that meeting I suggested that it might be useful if we looked at the programme log to see what in fact was on the air, and I was indeed rather shocked to discover that this Canadian institution was televising a rather substantial quantity of American programming, particularly in view of the fact that roughly 80 per cent of the Canadian population can watch American programming if it chooses to do so by watching it over the air from American stations.

We discussed that subject a bit that afternoon and I won't repeat the position of the CBC since that is something they should state if they choose to do so. But it seems to me that television is such an all-pervasive influence in every society that as an American official, I certainly would not feel myself in a position to take offence should the CRTC and the CBC and this Committee come to the conclusion that in order to develop, preserve and extend Canadian culture that you feel is obviously essential that the CBC engage in nothing but a televising of Canadian television products, because I don't know how you can have a society without a communication system, a mass communications system.

At the same time it seems to me that you might very well want to make it possible for people who live in Canada to have access to information from as many sources as possible.

American magazines are sold in Canada, American films are shown in Canada and unless you would wish to exclude American films and magazines and books it would at least be inconsistent to exclude television and permit the others to come in here.

I enjoy, for example, listening to CBC radio in Washington, D.C., at night. I get a skywave signal from CBL Toronto quite regularly and

occasionally one out of Montreal, and I find it quite enjoyable radio, quite frankly.

However, this is a matter that ultimately you will have to address. It is not your task, after all, to serve my desire for diversity and the opportunity to listen and to watch something different than I am able to get from my American stations.

**The Chairman:** Mr. Fortier?

**Mr. Fortier:** Much of the criticism, and you have been discussing a personal opinion, you validly direct to the programme content of American television stations. Would not much of it have been answered if your government had seen fit to create what we call in Canada a national broadcasting system subsidized by the state?

**Commissioner Johnson:** Well, as you know we now have a Corporation of Public Broadcasting, so-called, which holds the potential for developing into that kind of a system.

**Senator Prowse:** Is that for ETV or is it general?

**Commissioner Johnson:** Well, let me say a word about the system.

We have now about 190 educational television stations, but some of these are in fact owned by community groups and others are owned by school systems or universities.

There is a programming service known as National Educational Television, NET, which distributes programmes for a general audience which these stations broadcast in the evening. Many if not most of them during the day provide instructional programming to be received within school classrooms and used as part of the teaching materials.

Recently this year we have added the programme "Sesame Street", which some of you may be familiar with, which is designed to teach reading and arithmetic to pre-school children in the home. It has been a fantastic success and is without question, I think, the best undertaking whatever of public broadcasting in the United States and has had a marked impact already in a few months on the general educational level of those 20 million Americans who are under 5 years of age. It has had a very, very dramatic impact.

We now have a live network during the week in the evening to permit these stations to interconnect, at least many of them can to do this.

The Ford Foundation has provided most of the funding up until now for this system. We had an Educational Television Facilities Act in the early sixties which provided funds for the building of the stations but as yet we have had great difficulty with coming up with any significant quality of funding for the development of programming itself.

**The Chairman:** What about the idea of the government network?

**Commissioner Johnson:** That has never been held in much favour in the United States. There is concern about government control of the media as it is, although some have expressed the view that as long as you are getting government propaganda anyway how much better it would be to get it from a government station than to get it from NBC, and there is something to be said for that view.

**The Chairman:** Mr. Fortier?

**Mr. Fortier:** You have alluded to factors which have caused the disappearance of many newspapers as well as the merger of others in some of the larger cities.

Do you envisage that these same factors may come into play in the field of electronic media and consequently work against your utopian view of only one media to be owned by one person in one community?

**Commissioner Johnson:** Well, I think the concept of the common carrier cable television system really is a whole new ball game, because then, you see, it would be possible for essentially any individual who wanted to put on a programme on a one-shot basis or on a one-programme a week basis to in effect have his own television station.

The Supreme Court in the Red Lion decision this past year has urged what has been characterized as the public right of access to the mass media.

**Senator Prowse:** What were the facts in that case?

**Commissioner Johnson:** That particular case involved specifically the constitutionality of the fairness doctrine. The Supreme Court ruled that the fairness doctrine was constitutional. The broadcasters had contended that it was not.

But in the course of passing on the constitutionality...

**The Chairman:** Would you like more of the facts?



**Senator Prowse:** No. I am going to say that I would like to ask one more question on that.

**The Chairman:** Yes, certainly.

**Senator Prowse:** The fairness doctrine is the one that calls for the provision of equal time to dissenting views, is that correct?

**Commissioner Johnson:** Forgive me, I should have provided some explanation.

**Senator Prowse:** ... or am I wrong?

**Commissioner Johnson:** You gentlemen are much more familiar in general than most Americans would be with our practices in this regard, but it is a rather complicated area. There are really three doctrines; the fairness doctrine, the equal opportunity doctrine, and the personal attack doctrine.

The equal opportunity doctrine applies only in political contests, and it provides that if you put on a candidate for one party you then have undertaken the responsibility to provide an equal opportunity for his opponent. That may not involve equal time because it is a function of what time of the day he is put on as well as how many minutes he has and so forth.

The fairness doctrine is all encompassing. There are some instances in which it involves political contests because there are some exceptions to the equal opportunity doctrine such as newscasts. The fairness doctrine would also cover newscast coverage of political candidates. The fairness doctrine provides in general that whenever a station deals with what we call a "controversial issue of public importance" that the station has the obligation to treat that issue fairly, which means to provide an opportunity for all points of view with regard to that issue to be expressed at some time, not necessarily within the same programme.

The personal attack doctrine provides that when you go after an individual or a small group of individuals, some identifiable group, that you have an obligation to let them know, to give them personally an opportunity to reply, if they in some way have been attacked on your station.

This is distinguished from the fairness doctrine which does not impose upon the broadcaster the obligation to give any given individual a right to reply, but only an obligation that the point of view be expressed perhaps by a member of his own staff.

**The Chairman:** What were the facts in the Red Lion case, do you recall?

**Commissioner Johnson:** This rose out of MacIntyre's operation in Media, Pennsylvania, in an attack on Fred Cook. The station was contesting that it was unconstitutional to require them to treat this matter fairly or to give him an opportunity to reply to the personal attack or whatever was involved.

**Senator Prowse:** Who is MacIntyre and Fred Cook?

**Commissioner Johnson:** MacIntyre is a broadcaster who prepares programmes, and also owns this station, that are of such character as generally to fall within the fairness doctrine and require an opportunity for others to reply—or at least this is the contention that is often made. Fred Cook was an author whom MacIntyre presumably characterized in some way thought by Cook to be unfair.

**The Chairman:** Senator McElman, you had a question?

**Senator McElman:** It wasn't a supplementary, Mr. Chairman.

**The Chairman:** Well, go ahead.

**Senator McElman:** Mr. Johnson, in Canada the CRTC when it is considering an application for a new license takes into account—I believe it is required to take into account not just the prospective economic viability of the applicant but the economic viability of the existing broadcaster in that market area, and the decisions as they have been handed down bear this out.

Now, tied with that, if there were not some limit upon groups or chains, as they are called, as to the extent in which they could build up a strength and members in their chain, what would you see as the end run of such a dual situation?

**The Chairman:** Do you understand the question?

**Commissioner Johnson:** I am not sure that I do.

**The Chairman:** Well, Senator McElman will put it again, I think.

**Senator McElman:** Well, economic viability of licensees—there is a protection of a market area for existing licensees?

**Commissioner Johnson:** Yes, sir. I believe I understand the basis of your question, but I am not sure exactly what the question is.



**Senator McElman:** There is developing in this country greater strength in the chains or groups.

**Commissioner Johnson:** Yes.

**Senator McElman:** If that continues—if the private broadcasters and radio and television continues to be gobbled up by chains what would you see as the end run of that in a nation of this size?

**Commissioner Johnson:** It seems to me gain, forgive me, as it may be the lateness of the afternoon, but I am not sure that I understand the relationship between the first part of your question and the second.

Are you asking me what is the ultimate consequence of continued and increasing media concentration? If so, then I don't understand what relationship that has to your doctrine about the competition in the marketplace and the economic viability of an operation.

Did you mean to relate those two in your question?

**Senator McElman:** Indeed I did.

**The Chairman:** You don't think they do relate?

**Senator Prowse:** I don't quite understand them.

**Senator McElman:** Well, let me put it in the other context. In the United States as I understand it, this isn't a pre-requisite in our licensing?

**Commissioner Johnson:** That is correct. That is the short answer and the longer answer is much more complicated.

**Senator McElman:** And the end effect is that a new broadcaster can move into a market area, and if he has dollars, he can compete with the bigests of the chains, he can provide if he will a different type of programming that will cut into the market, he can rise from a non-viable situation through competition, effective hard-nosed competitive programming so that he does become viable.

He can in effect become viable and the other station, even though it has the strength of a chain, can become less viable?

**Commissioner Johnson:** Yes, that is correct.

**Senator McElman:** Do you see with the two, which I think I have now tied together, a danger of a system that demands prelicensing

consideration of viability? Do you see it holding out prospective broadcasters...

**The Chairman:** Holding out—you mean shutting out.

**Senator McElman:** Shutting out, and the chains building to such a strength that they can literally close out competition?

**Commissioner Johnson:** I would think that a distinct possibility, yes. By contrast, as you have indicated, we tend to be somewhat less concerned about the economic competitive impact of a new station in a community if the frequencies are available.

By and large we have created a system with, as I indicated, 7,500 operating entities which is a rather significant number, a system in which virtually all of the frequencies have been assigned to someone.

One of the prices we pay for that however, it should be noted, to keep the matter in perspective, is that with all this added programming, if it can be called that, I am not confident that the public is getting all that much more in the way of diversity.

Many of these marginal operators do not even have a wire service of any kind in their stations, let alone a new programme.

**The Chairman:** And yet you still license them?

**Commissioner Johnson:** Yes, that is another problem. They are the ones that most often fall into problems: painting the antenna towers and keeping the engineers on duty. They are often engaged in over-commercialization practices and their programming is certainly not distinguished and yet on balance I support the Commission on this particular policy because basically I believe in competition and a competitive situation for the reasons you have stated.

It does permit, in addition to all the dreck, it does permit the possibility of someone coming in who will offer a superior service and being able to make his way to the top, and I much prefer competition to protectionism myself, even though I recognize the price that one pays for it.

**Senator McElman:** Then even with the experience that you have you would still hold to the practice of the FCC rather than that of the CRTC?

**Commissioner Johnson:** Well again I would qualify it by saying I don't really know the conditions that prevail here and I presume

that the CRTC has good reasons for what it is doing, but within the United States, yes, I would certainly continue to support our policy there.

**The Chairman:** Mr. Fortier?

**Mr. Fortier:** You were quoted as saying Commissioner Johnson, again from this *Face the Nation* excerpt:

"Network officials are keeping off the television screens anything they find inconsistent with their corporate profits or personal philosophies."

In reading your paper presented last December I certainly see what you meant by it but I think it would be useful for the members of this Committee if you would expand on this all-inclusive statement.

**Commissioner Johnson:** Well, I would be happy to.

As you will know from reading the transcript, Mike Wallace on that occasion pursued this question at some length.

**Mr. Fortier:** Yes, he did.

**Commissioner Johnson:** In fact, the quote reads as follows—it is on page 82 now of "How to Talk Back to your Television Set": "For at the same time that network officials can"—and I emphasize "can"—"keep off your television screen anything they find inconsistent with their corporate profits or personal philosophies..."

That sentence continues to explain that while they are in a position to do this, the FCC has in fact been "defending their First amendment rights" which is the point that that paragraph goes on to develop.

What the assertion consisted of was not the all-inclusive assertion that network officials were keeping off the air every single thing that they opposed. It was rather the assertion that they had the power to do this should they ever decide to exercise that power, which I then went on to document that they have on numerous occasions done.

This particular piece engendered quite an exchange, as you probably know. Dick Salant of CBS Television News responded with an article in *TV Guide* entitled "He has exercised his right—to be wrong" in the September 20th, 1969 issue, and I responded in turn with a letter to the editor in the September 27th issue of *TV Guide* and the Radio and Television News Directors Association piece which I referred to earlier on September 26th,

1969, and anybody wishing to pursue the matter really ought to read Mr. Salant's attack on me and my responses.

As I made clear there, my principal complaint is simply what is not appearing in prime time entertainment programming. It is not just that individual items have been proposed and then censored by management.

**Mr. Fortier:** It is a stifling of creativity in the TV programming?

**Commissioner Johnson:** Well, it's more than stifling of creativity, that's another problem. That is why the stuff that is on in prime time that is entertainment isn't any good as entertainment...

**Mr. Fortier:** Well, that is all part of it.

**Commissioner Johnson:** ...because the creativity has been stifled. But the corporate censorship point relates to the fact while you are putting on entertainment of whatever quality you are not giving the people information that they need about the affairs of their times that are important to them, and that that too constitutes a form of censorship.

I think it is important in this connection to keep this in its proper perspective. It is reported that Mr. Tweed in New York once offered the *New York Times* \$5 million to kill a particular story. *The Times* refused the offer, it should be noted parenthetically.

The point is simply that if it was worth \$5 million to kill a single story, 50 or 100 years ago, it clearly is worth that much today to buy a television station. It is not necessary to control everything that appears in the news papers. It is only necessary to have the potential to do that on those occasions that may arise, perhaps only maybe two or three times a year.

**Senator Prowse:** Like an insurance policy?

**Commissioner Johnson:** Yes, that is right. It is a very cheap insurance policy. The Dominican Republic offered the Mutual Broadcasting System, a radio network in the United States—oh, I don't recall the precise figure but I think it was on the order of a million dollars—to give them a guaranteed number of minutes per month on news programming which they could fill with propaganda from the Dominican Republic.

The point is, you can't put a dollar value on the potential to keep items off or to put them on, and after Dick Salant's proud boast that CBS has never altered its content while he worked there, *Variety* reported in a long stor-



a series of documentaries which had been very substantially altered by CBS in the course of preparation.

Again, my principal point is that television is failing to do its job; that, for whatever reason, it is keeping material off the air that the American people need to have. Whether they are doing that out of a malicious awareness that they are deliberately depriving the people of the information they need is not really the point. The point is that whatever the motive, the result is the same as if that was what they were doing. There are instances of deliberate withholding.

The story was told to me by one of the leading black announcers in the United States of his first job with a station in the Carolinas. He was handed a stack of 40 records and told that he would play them.

He asked if it would be permissible for him to report five minutes of news on the hour and the owner of the station told him "You are not going to educate the negroes of this community at my expense."

Well, there is a deliberate effort. But when you fill the airways in prime time with nothing but pap, one of the consequences is that the people do not find out anything that they want to know.

**Mr. Fortier:** You have what I find to be a very excellent quote in your paper on this point which may be reproduced in your book.

You say, and I quote, "To verify this, ask yourself how many controversial programmes ever reach the roughly 100 hours a week of network prime time programming."

Then you go on "How many programmes have you seen that seriously deal with abortion, brutal military weaponry, sympathetic attempts to understand the Black Panthers' world, police brutality toward minority groups, oppression in draft boards in high schools, the Justice Department's attitude toward dissent, a slowdown of the administration's protection of civil rights, conflicts of interests by congressmen, anti-consumer lobbying by large corporations, racism, venereal disease, sexual problems of the unmarried and so on"—that is what you are saying?

**Commissioner Johnson:** Yes.

**Mr. Fortier:** Let me ask you the question: In the United States how many such controversial programmes have you seen?

**Commissioner Johnson:** Well, as one might guess from the selection of that particular

list, I think the answer would either be none or next to none.

By and large the prime time programming, and you are familiar with it here, is made up in bulk of series programmes that come on regularly every week with the exception of NBC's "First Tuesday" and CBS's "CBS Reports" and "60 Minutes", entertainment specials, and sort of mindless, so-called documentaries.

**The Chairman:** I turn now to Senator Prowse, but I would like to mention to the Senators that I would like to adjourn in about ten minutes.

Senator Prowse?

**Senator Prowse:** I would like to come back to the area that we were in before if I may. I agreed, I think that everybody is agreed, that we are not getting from TV today what is we think we ought to get whether or not we expect too much.

And I think we are agreed also that the reasoning for this is because of the structure of the industry. It is necessary that a broadcaster produce listeners in order that he can sell his advertising time. This is one of the facts of life I believe, isn't it?

**Commissioner Johnson:** Of course.

**Senator Prowse:** That we are living with today?

**Commissioner Johnson:** Certainly.

**Senator Prowse:** And in the foreseeable future we will probably have to continue to live with?

**Commissioner Johnson:** Yes.

**Senator Prowse:** Now, in the face of that situation have you any suggestion at all as to how we may be able to persuade the industry to provide the people with a better type of programming than they are getting?

**Commissioner Johnson:** I have addressed this problem because it seems to me to need to harness reform to the profit system for your very largely tilting windmills.

One way you can restructure institutions is by establishing something like the public broadcasting corporation, and here the CBC, with whatever additional changes or funding or what-not you may wish to consider.

Because as I understand it the CBC is also receiving advertising revenue...

**Senator Prowse:** Approximately...



**Commissioner Johnson:** 40 million...

**Senator Prowse:** Of a budget of \$200 million. About 20 per cent.

**The Chairman:** Yes, roughly 20 per cent.

**Commissioner Johnson:** Sometimes that 20 per cent becomes the tail that wags the dog, however.

**Senator Prowse:** Yes.

**Commissioner Johnson:** But that of course is a problem, that is something you know more about than I.

The other thing that you can do and which I have been proposing in the States is to change the rules of the game slightly, but for all participants at the same time, so that no one is affected in a way different from his competitors.

I have proposed what I call the one-third time rule because we happen to have three commercial networks.

The one-third time rule would provide that each of the three commercial networks must provide during prime time one-third of its programming that would be something other than the lowest-common-denominator-commercially-laden entertainment fare that we now get.

You can't just ask Frank Stanton of CBS, "Won't you please put out some better programmes." We really can't under the institutional constraints within which he is compelled to function. He has a board of directors, he has shareholders, and he has an obligation to maximize profits. He can engage in tokenism, and he does, and they put out some good programmes, but he can't really do much beyond that unless someone will establish standards.

But if we were to establish the one-third time rule across the board, each of the networks would be equal and I think that there would be many benefits to the industry that would result from this. They would be able to recruit into the industry some of the young people who are now leaving in droves. They would take care of the morale problem they have within their institutions.

Many of the best documentary producers in America are sitting about idle now because they have no work to do,—and this would give them something to do and it would get the American public and government off the backs of the networks. It would make the network executives feed better about themselves—which is not an insignificant manner

for them personally I would think in terms of their knowledge of the evil that they are doing in our society.

You might provide for example—let us just take 7.30 to 10.30—because that works out to three hours which means one hour per network per evening, and we put a responsibility on the networks to come up with seven hours of programming a week which was either non-sponsored or institutionally-sponsored.

It could be entertainment, because it must be interesting if people are to watch it...

**Senator Prowse:** Yes.

**Commissioner Johnson:** ...but something other than the kind of programming that the commercial sponsorship generally produces: educational, cultural, live drama, public affairs, things of that kind.

This would mean that in any given hour during prime time, because it would be required that this programming be staggered—at any given hour of prime time everyone would have a choice. He would still have a choice of two networks providing him with lowest common denominator entertainment fare, so nobody is telling him what he has to watch. He not only has a choice, but he has a choice of two that are providing that kind of stuff. But he also has a choice of something else, and I think that something like that proposal is going to be absolutely essential for our country.

Now, what form it ultimately takes I couldn't say.

**Mr. Fortier:** Peter Seeger also has a proposal which comes close to your one-third ratio. I think it would be interesting if you expand upon it briefly.

**Commissioner Johnson:** Well, he has proposed a system that would almost involve voting on the part of individual viewers—the allocation of their time to various programmes—and which would compete for their time to a particular programme which would be another way of sort of simulating subscription television market-place audience response mechanism.

**The Chairman:** Senator Prowse?

**Senator Prowse:** The programmes that we watch and we get—they are what I would probably think are the best of your programmes from the network—they find their way on to ours...

**The Chairman:** "The Beverly Hillbillies" and "Ed Sullivan"...

**Senator Prowse:** Well, there is Dr. Welby—there is a number of programmes that come through, but are these produced by the network or are these produced by individual producers?

The point I am getting at is, who produces the programmes? Is it the network, the stations, or does somebody else come up with it then sells them?

**Commissioner Johnson:** The short answer is that they are produced by the networks. That, however, is so short as to be totally inaccurate except it is a fair response to what you're asking.

Many of the programmes are produced in Hollywood by production companies of one kind or another, but because the networks are virtually the sole purchasers of their product, they in fact exercise virtual dictatorial control over the product from the selection of the writer to the final finished product, the financing of the enterprise and every other aspect of it.

So it is really a legal technicality as to whether the programme was in fact produced by the network or it was in fact produced by some so-called independent party.

**Senator Prowse:** There really isn't much competition—in a creative production there isn't really too much competition. What you do is that you get a contract with a producer and the stations enter into contracts with the producers...

**Commissioner Johnson:** Well, the networks...

**Senator Prowse:** Yes, the networks.

**The Chairman:** I am going to give Senator McElman the last question.

**Senator McElman:** Mr. Johnson, let me pose a hypothetical question to you.

If a situation developed in order to find out what the teeth of the FCC are, how Justice would enter a situation, your Department of Justice. If you had a situation in one of the smaller states of your union where a conglomerate effectively controlled a large percentage of the economy of that state, ownership of media and in every important area of that economy—transportation, manufacturing, business, financing and so on, and that conglomerate acquired all of the daily newspapers in that state, better than half or the

television broadcast reach-through stations and radio as well, would there be the teeth in the FCC to rectify that situation? Would it feel it should be rectified, first? Would it have the teeth to it? And if it did not, would the Department of Justice move in on such a situation?

**Commissioner Johnson:** I think the answer to all of your questions is yes.

We have had situations like that with Anacosta copper controlling publishing in Montana and with the Dupont Company's control of publishing in Delaware, and there is no question in my mind that that kind of a situation ought to be removed and that there is ample authority for the FCC or the Justice Department to take action in cases like that.

**Senator McElman:** Both have enough teeth to do it?

**Commissioner Johnson:** I think so, yes.

**Senator Prowse:** Without proving...

**The Chairman:** I don't want to limit questioning, but Senator Bourque has a question, Senator Sparrow has a question—I will take those two questions and then we really must adjourn in fairness to the witness.

**Senator Sparrow:** In reference to prime time, the witness stated that TV has altered, referring I believe to American people, the eating habits and sleeping habits and sex habits...

**The Chairman:** I am not sure that he mentioned sex habits.

**Senator Sparrow:** Yes, I believe he did.

I was only going to comment that I think probably he has changed our eating habits and our sleeping habits but I am not so sure about the third!

**Mr. Fortier:** You are not concerned about the first two, are you!

**Senator Sparrow:** How do you determine prime time? When you refer to prime time—we say we want Canadian content in prime time, and so on—if it is being altered, which comes first, the prime time or the programme as such?

If Ed Sullivan now is prime time at 8 o'clock is it prime time because of the Ed Sullivan show? If he was on at 4 o'clock in the afternoon would that be prime time?

**Commissioner Johnson:** We define prime time in terms of those hours when most



people are watching. Those hours when most people are watching, it turns out, is determined more by the time people have available to watch television than by whatever may happen to be on the set at the time.

Any programme shown between 7 and 11 p.m. is going to get a larger audience than any programme shown between 2 and 5 p.m. That may be an overstatement but not by much.

Certainly the Ed Sullivan show at 8 p.m. is going to get a larger audience than the Ed Sullivan show at 3 p.m. Mason Williams has said, "Television ought to leave you alone during the day when you have work to do." It doesn't, but most people continue to work and they are not watching television.

It is prime because this is the time the advertisers want; it is the time when people are watching and basically what we do is look at a curve showing the growth and diminution of the total audience throughout the afternoon and evening hours and we find that there is a great increase in the audience around 7 to 8 p.m. which holds fairly firm until about 10, 10.30 or 11 o'clock, at which point there seems to be a dropping off.

**Senator Sparrow:** If you change the programming, will you drastically change those eating and sleeping habits and the time they would in fact watch that programme?

For instance, if you put on educational TV an educational programme at 8 o'clock or in prime time, where a small percentage of people would in fact view it because it is not the kind of entertainment they may be looking for, are you suggesting it could change the total habits of the people, that they in fact would watch entertainment in the afternoon?

**Commissioner Johnson:** I am not sure I understand your question.

**The Chairman:** I think what Senator Sparrow is suggesting—that supposing the Ed Sullivan Show was moved to 4 o'clock Sunday afternoon and ran a historical programme on Sunday evening at 8 o'clock I think he is asking: would the audience switch to 4 o'clock and Ed Sullivan?

**Senator Prowse:** Would that make it prime time in the afternoon?

**The Chairman:** Yes, I think that is the question.

**Commissioner Johnson:** Well,—I mean, we are defining it in terms of itself. In my defini-

tion, prime time is that time when most people are watching and by historical experience that time when most people are watching is between 7 and 11 p.m.

If through some fluke some extraordinary programme, popular programme, were to be scheduled at 6 o'clock in the morning or 3 o'clock in the afternoon...

**Senator Prowse:** Like a moon shot!

**Commissioner Johnson:** ...and suddenly more people were watching at that hour than at any other hour during the day, that presumably would be included as prime time, and the advertisers would want it and the rates would go up and so forth.

**Senator Sparrow:** If you wanted this particular educational programme you may have to switch it to 8 o'clock and when that became no longer prime time, switch it back to 3 o'clock.

Radio used to be the prime time in the evening now it is prime time in the morning—it was forced into that position, is that correct?

**Commissioner Johnson:** Yes. Radio's biggest audience now comes in what we call the drive time, since radio in large measure is listened to in the automobile.

**Senator Sparrow:** Because it was forced off probably by television.

**Commissioner Johnson:** Well, essentially more people watch television in the evening than listen to the radio.

**The Chairman:** Senator Bourque has a question.

**Senator Bourque:** I would like to ask Mr. Johnson. On page 12 of his brief, he says:

"I am not just talking about political and social dissatisfaction with the media. I am not just complaining that those things I would like to see in the media are ignored. I am saying that the media of the United States is failing when, for example, one contrasts all the rich, wonderful diversity of a nation the size of ours with the very little diversity that appears on television."

Does that mean that there is discrimination?

Now, you don't need to answer if it is going to hurt your situation...

**Commissioner Johnson:** Well, I would be happy to answer anything.



By discrimination do you mean racial discrimination?

**Senator Bourque:** Well, any kind—religious...

**The Chairman:** I think he means essentially racial discrimination.

**Commissioner Johnson:** I would certainly not mean to exclude racial discrimination and that is a subject which I have addressed at great length in a series of speeches that I gave during 1967 and 68.

It was my view and also, I should note, that of the Kerner Commission, that the mass media has simply not been doing the job of employment of blacks, the whole tale of the life of the black community in America, of bringing the information to the white community that it should have been doing, so it is not a subject that I have stayed away from in any manner.

However, in this particular passage I was not really addressing that so much as the totality of television's failure to deal with all of the special needs and interests of the American people.

The black community is one minority group that is not being adequately served by television, but it is no more and no less than all the other minority groups of roughly equivalent size.

I mentioned this afternoon the young people under five constitute almost as many Americans as black Americans. Senior citizens over 65 constitute a group of equivalent size, students in schools constitute a group of almost twice the size, blue collar workers of 7 million.

There is really very little on prime time television that directs itself in a meaningful and productive and constructive way to the day to day lives of people who are watching in ways that they would find compelling and useful and the ways that they would find personally related to their needs and interests.

That is really what I am complaining about, particularly when you compare the diversity of television or the absence of diversity on television with the existence of diversity in the other media. Magazines, theatre, recorded music and so on and so forth which seem to be doing a much better job of giving an accurate portrayal, a more representative portrayal of the United States than television does.

I might just say one word before we break about the impact on television upon the national agenda.

Mr. Fortier and I were talking about this earlier because one of the best examples I think of this relates to corporate censorship problems, the black lung disease issue.

Virtually all the coal miners in America have black lung in one stage of development or another. This comes from going into the mine and breathing coal dust. Your lungs disintegrate as a result of this and you are unable to get to the oxygen you need and you find yourself unemployable by the time you reach your middle years.

The miners really didn't know about black lung disease because nobody had ever told them about it and there was no great desire on the part of coal mining companies or the mass media in the coal mining district to make a big issue out of this.

Indeed, there were instances where programmes were prepared by doctors about black lung which the television stations positively refused to run. I pointed this fact out when talking to the Violence Commission, making the point that while censorship was going to be raised by the industry in opposition to what the Violence Commission was doing that in fact the industry itself had participated in censorship and shortly thereafter there was a sudden rush of interest on the part of television in covering the black lung problem in West Virginia.

About two weeks after they started covering it regularly some 35,000 coal miners in West Virginia came out of the mines for the first time really in the history of that state and organized on their own because this particular instance the union had been in basic agreement with the coal mine operators.

They marched on the state capital and got the first Workmen's Compensation legislation in the history of the state for black lung disease.

Now, what is the point I am making? The point I am making is that when you keep this information out of prime time that produces a result in the society. The result it produces is apathy, lethargy, ignorance and the failure of the society to respond to its problems.

If you point out in prime time television that most American business executives eat and rather grandly by going into a restaurant, ordering all they want to eat, signing a little slip of paper where half of the cost will be paid for by the American people as taxpayers, the other half will be paid for by the

American people as consumers, and none of it whatsoever is paid for by the executive, and point out the incongruity in a nation arguing that a policy of this kind is only administratively feasible if it is applied to an elite group of rich but it would of course be impossible to permit the poor to feed themselves by signing a slip of paper requiring the cost to be paid for by others.

If you point that out on prime time television things happen in the United States. You start feeding the hungry.

You point out on prime time television that the American subsidized merchant marine is consuming some 700 million dollars a year in a programme that every independent economic who has ever examined it has concluded that it has absolutely no economic benefit whatsoever to the American people and there will be a response.

If you point out that General Motors is responsible not only for the lion's share of 50,000 unnecessary deaths every year on the highways of the United States but is also responsible for 50 per cent of all the air pollution by tonnage in the entire country and there will be cries for reform. If you keep that information off either because you sent an intra-corporate memorandum saying General Motors is a big advertiser therefore we don't want to mention this or because you don't send the memorandum—you just put on the Beverly Hillbillies—you keep that information off and that produces a result as well.

As I have commented, I think NBC can rightfully take some credit and pride in the fact that the West Virginia legislature enacted that legislation.

I think Rowan and Martin's "Laugh-In" can take some pride in what has happened as a result of the Flying Fickle Finger of Fate Award. They pointed out that the California legislature had authorized used car dealers to turn back speedometers and within a month thereafter that legislation was repealed. They pointed out the school system that had failed to appropriate any money for schools for the next year and shortly thereafter the community came up with the money to keep the school system going.

They can point with pride to these achievements but when they do they must realize that they must also then take responsibility for those things in our society that have not been changed because they have for whatever reason said nothing about it to the American people.

That is the position of this industry in our society in the United States and it is why I believe with President Kennedy—the late President Kennedy—that with great power goes great responsibility, and this is an industry that has failed to live up to that responsibility and it is going to have to pay the price of failing to do so.

**The Chairman:** Perhaps I could conclude most effectively, Mr. Johnson, by quoting very briefly from the book. In the introduction you say:

"Very few of the American people are performing at more than five per cent of their capacity—their capacity to perceive, to produce, to understand, to create, to relate to others, to experience joy."

Certainly you have demonstrated today that you are indeed one of the 5 per cent. Your reputation preceded you both to the Committee and to our personal meeting last summer.

I have always been and continue to be greatly impressed by your courage and by your progressive, optimistic and enthusiastic approach to some enormous problems.

I said at the beginning that you are one of the busiest people I know. We realize that it is a great imposition to bring you here, which makes us doubly grateful.

It occurs to me that at the end of your introduction you may very well be speaking to this committee when you write in part "What you hold here are the words. They have piled up. In articles, opinions, testimony and speeches. Whether or not men do things remains to be seen. The need is clear—some of the methods are at hand—it's up to you."

Thank you very much for helping us.

**Mr. Johnson:** Thank you very much, Mr. Chairman, for inviting me here.

Whereupon the meeting adjourned.









Second Session—Twenty-eighth Parliament  
1969-70

THE SENATE OF CANADA  
PROCEEDINGS  
OF THE  
SPECIAL SENATE COMMITTEE  
ON  
MASS MEDIA

The Honourable KEITH DAVEY, *Chairman*

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No. 33

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WEDNESDAY, MARCH 18, 1970

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WITNESSES:

*The Reader's Digest Association (Canada) Ltd./Sélection du Reader's Digest (Canada) Ltée.*: Mr. E. Paul Zimmerman, President; Mr. A. J. Conduit, Vice-President and Advertising Director; Mr. John L. O'Brien Director; Mr. Ralph Hancox, Editor, *The Reader's Digest*; Mr. Pierre Ranger, Managing Editor, *Sélection du Reader's Digest*; Mr. J. Kenneth Davey, Vice-President and Secretary.

SPECIAL SENATE COMMITTEE ON MASS MEDIA

The Honourable Keith Davey, Chairman

The Honourable L. P. Beaubien, Deputy Chairman

Beaubien

Bourque

Davey

Everett

Hays

Kinnear

Macdonald (*Cape Breton*)

McElman

Petten

Phillips (*Prince*)

Prowse

Quart

Smith

Sparrow

Welch

(15 members)

Quorum 5



## ORDERS OF REFERENCE

Extract from the Minutes of the Proceedings of the Senate, Wednesday, October 29th, 1969.

With leave of the Senate,

The Honourable Senator Davey moved, seconded by the Honourable Senator Lang:

That a Special Committee of the Senate be appointed to consider and report upon the ownership and control of the major means of mass public communication in Canada, in particular, and without restricting the generality of the foregoing, to examine and report upon the extent and nature of their impact and influence on the Canadian public, to be known as the Special Committee of the Senate on Mass Media;

That the Committee have power to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of the inquiry;

That the Committee have power to send for persons, papers and records, to examine witnesses, to report from time to time and to print such papers and evidence from day to day as may be ordered by the Committee;

That the Committee have power to sit during adjournments of the Senate and that Rule 76(4) be suspended in relation to this Special Committee from 9th to 18th December, 1969, both inclusive, and the Committee have power to sit during sittings of the Senate for that period;

That the papers and evidence received and taken on the subject in the preceding session be referred to the Committee; and

That the Committee be composed of the Honourable Senators Beaubien, Davey, Everett, Giguère, Hays, Irvine, Langlois, Macdonald (*Cape Breton*), McElman, Petten, Prowse, Sparrow, Urquhart, White and Willis.

After debate, and—

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Thursday, November 6th, 1969.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Smith:

That the names of the Honourable Senators Giguère and Urquhart be removed from the list of Senators serving on the Special Committee of the Senate on Mass Media; and

That the names of the Honourable Senators Bourque, Smith and Welch be added to the list of Senators serving on the said Special Committee.

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the proceedings of the Senate, Friday, December 19th, 1969.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Langlois:

That the names of the Honourable Senators Bélisle and Phillips (*Prince*) be substituted for those of the Honourable Senators Welch and White on the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Tuesday, February 3, 1970.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Langlois:

That Rule 76 (4) be suspended in relation to the Special Committee of the Senate on Mass Media from 10th to 19th February, 1970, both inclusive, and that the Committee have power to sit during sittings of the Senate for that period.

After debate, and—

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Thursday, February 5, 1970.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Haig:

That the names of the Honourable Senators Quart and Welch be substituted for those of the Honourable Senators Bélisle and Willis on the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Tuesday, February 17, 1970.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Connolly (*Halifax North*):

That the name of the Honourable Senator Kinnear be added to the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Tuesday, March 3, 1970.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Denis, P.C.:

That the name of the Honourable Senator Langlois be removed from the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—  
Resolved in the affirmative.

ROBERT FORTIER  
*Clerk of the Senate*



Extract from the Minutes of the Proceedings of the Senate, Tuesday, March 3, 1970.

With the leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Denis, P.C.:

That Rule 76 (4) be suspended in relation to the Special Committee of the Senate on Mass Media from 4th to 13th March, 1970, both inclusive, and that the Committee have power to sit during sittings of the Senate for that period.

The question being put on the motion, it was—

Resolved in the affirmative.

ROBERT FORTIER  
*Clerk of the Senate*

## MINUTES OF PROCEEDINGS

Wednesday, March 18, 1970  
(33)

Pursuant to adjournment and notice the Special Senate Committee on Mass Media met this day at 10.00 a.m.

*Present:* The Honourable Senators: Davey, (*Chairman*); Kinnear, McElman, Petten, Prowse, Quart, Smith and Sparrow. (8)

*In attendance:* Miss Marianne Barrie, Director and Administrator; Mr. Borden Spears, Executive Consultant; Mr. Yves Fortier, Counsel.

The following witnesses, representing *The Reader's Digest Association (Canada) Ltd.* – *Sélection du Reader's Digest (Canada) Ltée*, were heard:

Mr. E. Paul Zimmerman, President;

Mr. J. Kenneth Davey, Vice-President and Secretary;

Mr. A. J. Conduit, Vice-President and Advertising Director;

Mr. John L. O'Brien, Q.C., Director;

Mr. Ralph Hancox, Editor, *The Reader's Digest*, Canada;

Mr. Pierre Ranger, Managing Editor, *Sélection du Reader's Digest*, Canada.

The following witness was also present but was not heard:

Mr. Jean Martineau Q.C., Director.

At 1.00 p.m. the Committee adjourned to Thursday, March 19, 1970, at 10.00 a.m.

ATTEST:

DENIS BOUFFARD,  
*Clerk of the Committee.*





## THE SPECIAL SENATE COMMITTEE ON MASS MEDIA

### EVIDENCE

Ottawa, Wednesday, March 18, 1970

The Special Senate Committee on Mass Media met this day at 10 a.m.

Senator Keith Davey (*Chairman*) in the Chair.

The **Chairman**: Honourable Senators, if I may call this session to order. Perhaps before we turn to this morning's brief I could be allowed to read a short self-explanatory announcement.

The fact that Vancouver has been without its daily newspaper service since February 15 is of great interest and concern to the members of this committee.

"Clearly the labour dispute which, to begin with is within provincial jurisdiction, does not fall within the Committee's terms of reference which are ownership and control as well as the impact and influence of the Canadian mass media. Needless to say the Committee has no intention of injecting itself into the collective bargaining process.

"At the same time, however, the Committee is obviously interested in what impact this loss of newspaper service is having on Canada's third largest city. Accordingly we asked Mr. Walter Gray, a former Parliamentary Gallery Bureau Chief for both the *Globe and Mail* and the *Toronto Daily Star*, to go to Vancouver and prepare for the Committee, an 'on-the-spot' analysis of the socio-economic effects of the absence of two daily newspapers in greater Vancouver. Mr. Gray spent last week in Vancouver. He will present his report to a special session of this Committee which I have called for 10 o'clock tomorrow morning in room 260 north."

The witnesses this morning and the brief we are going to receive is from the Reader's Digest Association (Canada) Ltd. and also Sélection du Reader's Digest (Canada) Ltée. In welcoming you Mr. Zimmerman and the members of your team, which I will introduce in a moment, I should remind the Senators that this session was originally scheduled, as you may

recall, for February 20. At the time you, sir, were hospitalized. We are delighted that you are now able to come — we are sorry you weren't able to come earlier but I am sure nothing has been lost and we are delighted that you are here today.

Mr. Zimmerman, is seated on my immediate right, and I think what I might do Mr. Zimmerman is perhaps let you begin your remarks in a moment or two and introduce the other members of your group rather than me doing it now. The procedure we follow here, sir, is very simple and I am sure you are familiar with it. The brief which you prepared for us was received in advance, indeed in advance of the former date; it was circulated and read and studied by the Senators at that time and probably most of us have re-read it in the last several weeks.

We are going to ask you to make a brief opening oral statement in which you can explain your brief, expand upon it, add to it, say anything else which may or may not be on your mind and then we will turn to our questioning. We will question you on the contents of your written brief, on the contents of your oral statement, and indeed on other matters which you may not raise in either of your briefs. As I have said to many other witnesses, if you wish to refer any of the questions that we ask you to any of your colleagues, please feel free to do so. Welcome, and we are delighted that you are finally here.

Mr. E. P. Zimmerman, President, The Reader's Digest Association (Canada) Ltd.: Thank you, Mr. Chairman. Honourable Senators, I would like to say today, and identified by name tags, we have Mr. Andrew J. Conduit who is sitting on my immediate right against the wall next to the chart who is our Vice President and Advertising Director. Mr. J. Kenneth Davey who is sitting just two removed on my right is our Vice-President and Secretary. Mr. Ralph Hancox, the Managing Editor for the English edition of the *Reader's Digest* is sitting on Senator Davey's left. Mr. Pierre Ranger who is Managing Editor of *Sélection du Reader's Digest* is on the far end of the rostrum here,

and also two of our Canadian Directors—Mr. John L. O'Brien, Q.C., and Mr. Jean Martineau, Q.C.

May I say at the outset that I very much appreciate the thoughts expressed by Senator Davey and for your having postponed our appearance until today. I unfortunately was in hospital, as Senator Davey has referred to, on February 20, the date previously set, but I am glad to say that now I am well and on the way to recovery.

We would like to spend a few minutes reviewing with you some matters which may prove of particular interest to your deliberations, and which will supplement the information you have already received in our written brief.

The Reader's Digest in Canada has a determined Canadian policy which springs from its editorial and business responsibilities as a corporate citizen of Canada. As you will have noted from our brief, three of our directors and all of our employees are Canadian citizens or landed immigrants, and all our employees are pretty well represented by that statement in the sense of citizenship. Thirty per cent of the *Digest's* common stock in Canada is held by Canadians. The company acts as a Canadian corporation in every way. The company and its employees are active supporters of charity, and participate fully in community endeavours.

We contribute significantly to the Canadian economy since more than 90 cents of every dollar of revenue stays in Canada. Through our influence on other *Digest* affiliates, the *Digest* is an exporter for Canada, on balance, in such things as paper, and published material. As a matter of interest, annual paper purchases in Canada by our international editions amount to \$840,000 (or some 3,500 tons) and represent 43 per cent of the total Canadian export tonnage of this particular type of paper.

To support our operations, we employ 450 people in Canada and indirectly generate employment for twice that number. Among our skilled employees are 53 editorial, art and production experts, 70 programmers, and computer personnel, and 81 sales and marketing specialists. The company has a continuing editorial and management development policy to develop editorial and business techniques. We have kept our long-term employees abreast of technology so that they, in turn, can train junior staff.

As you are aware, magazine publishing in Canada is highly competitive. It is in vigorous competition for advertising revenue with television, newspaper sup-

plements, and daily newspapers, in that order of importance. In their attempts to meet this competition, magazine publishers have taken two significant steps: the revitalization of the Magazine Advertising Bureau, and the publication of regional advertising editions.

The combined circulations of the members of MAB reach 52 per cent of all Canadians over the age of 15. Every member's circulation is important to this penetration by magazines in Canada. Generally speaking, the advantages of magazine advertising are—a selective audience with high incomes, an attractive environment for advertisers with the added advantages of a committed readership and an enduring message, plus the high persuasion values of the printed word.

Clearly if any substantial part of the magazine audience is lost, the value to an advertiser of magazine penetration declines and advertisers will tend to turn to other media. This is the primary reason that the *Digest* is valuable to other Canadian magazines. This point should be made particularly clear—it is easily misunderstood. Let me repeat, the total magazine audience is important to advertisers and publishers alike. Magazine publishing in Canada would be significantly weakened if it could not offer the penetration and coverage now available to magazine advertisers.

The *Digest* carries regional advertising, as do most magazines, and newspaper supplements. Regional advertising editions offer selected markets to national advertisers and markets to advertisers in the areas in which they wish to trade. Regional editions also enable advertisers to test public response to new products. The *Digest* has 14 advertising editions in addition to its national editions, giving an advertiser choice of: the combined English and French market, the English or French market; combination of metropolitan and regional markets. We have no regional editorial editions since our editorial content is designed to be of universal interest.

The major competition for national advertising revenue in Canada is among media. According to the latest (Elliott Haynes) 1969 figures, national advertising revenue in Canada is shared as follows:

Television 42.7 per cent; newspapers 26.6 per cent; radio 14 per cent; magazines 8.9 per cent; supplements 7.8 per cent.

Over the last nine years: Television's share increased by 75 per cent; radio's share increased by 13.8 per cent; newspapers' share dropped by 21 per cent:—



And I should emphasize the word "dropped".

—supplements' share dropped by 46 per cent;  
magazines' share dropped by 40.7 per cent.

These figures emphasize that national advertising competition is primarily by media selection and that competition among the media is much greater than between individual magazines, newspapers, networks or stations. The Magazine Advertising Bureau is strongly supported by major consumer magazines for this reason and in a similar response, *The Star Weekly*, *Weekend*, and *The Canadian* combined together in MagnaMedia. Magazines, newspaper supplements and the Canadian Daily Newspaper Publishers Association are all aware that by actively supporting trade associations they have the best chance of meeting competition from rival media. If the major consumer magazines in Canada enjoyed a proportion of national advertising revenue similar to that of their counterparts in the United States, their advertising revenue would more than double its present figure.

For the remaining few minutes I would like to turn to our editorial content.

The principle followed by *Digest* editions is one of shared costs—a principle not new to publishing in Canada. By 'sharing costs' Canadian newspapers, in fact, obtain the majority of their syndicated columns, editorial features, comics and most international editorial material. News agency co-operatives, and much radio and television broadcasting in this country operate on a similar basis for sharing their editorial expenses.

In return for the fee which each international *Digest* edition pays to the parent, editions are free to use articles for which the parent holds a variety of rights. Much of the material used in the *Digest* is competitively available. Take, for example, "Oxbells and Fires" by Ernest Buckler, a Canadian writer, published by McClelland and Stewart. *The Digest* has used two selections from this book. The material was available to any magazine publisher in Canada or elsewhere at negotiable market rates. This principle applies to "Western Windows" by Bruce Hutchison, published by Longmans Canada, which also yielded an international *Digest* selection. Similarly with magazine articles from Canadian periodicals which yield selections for our Canadian and other international editions.

Over the years (As you will see from Appendix III to the main brief) we have paid increasing editorial attention to Canada in the belief that a magazine of circulation must, in some measure, reflect the

interests and achievements, not only of its readers, but of the country in which it circulates.

In the last five years, we have published some 100 articles, either about Canada, written by Canadian authors, or reprinted from Canadian sources. Of these, almost half have appeared in a variety of *Reader's Digest* editions throughout the world. As an example, we have prepared a chart to show the circulation of "Snowmobiles: The Cats that Conquered Winter." Mr. Hancox has just unveiled it and it sits on my right. This is the story of a remarkable French-Canadian enterprise resulting from Joseph-Armand Bombardier's invention. On the same chart are the titles of several other articles about Canada, listing the number of languages in which they were published in the *Digest* and their approximate circulation world-wide.

This editorial activity in Canada represents part of a continuing program. We are at the moment working with some 15 freelance and other writers, preparing some 40 projects which will eventually yield Canadian articles for us and our other international editions.

Coupled with this, our editorial department reads or processes some 750 pieces of contributor mail each month containing manuscripts, anecdotes and material that readers suggest for our pages.

To maintain an editorial balance in the magazine, the *Digest* selects from a variety of sources. The February English language issue which accompanied our brief, will give you an idea of how this is done. It includes material from one or another, or about a combination of the following countries: West Germany; Sweden; East Germany; the United States; Canada; France; New Guinea; Great Britain; and Tibet. Interspersed with this material are articles on consumer protection, the art of living, medicine, nature, science, self-help, do-it-yourself, entertainment and humour. This is typical of all our issues and of our international editions.

Selections from books and periodicals around the world are augmented increasingly by material which is specially prepared for the *Digest*. Some of this is universally used in all editions, some of it relevant to only a few, some developed particularly for one edition—as with our March articles: "The Understanding" and "Canada's Wonderful Wishing Book" which were commissioned from Canadian authors by our Canadian editors. The *Digest* also maintains a staff of roving editors, one of whom is a Canadian, resident in Canada. He writes mainly, although not exclusively, on Canadian subjects and his articles are available from the central editorial selection to all of our editions.



Additionally, the Canadian editors interest the parent edition in a variety of Canadian subjects with the result that roving editors are encouraged to write about this country's achievements regularly. A list typical of their contributions can be found in Appendix III. The Canadian editions also maintain a research staff and engage freelance writers to prepare adaptations of articles which have been successful in other editions. Such articles fall mainly into the category of consumer reports such as "If You're Thinking of Moving" or general interest articles such as "Try Climbing Your Family Tree" or "Shoplifting: A National Menace."

The editorial policy implicit in this selection has enabled us to obtain a circulation for our two Canadian editions which is guaranteed to advertisers at 1,400,000 copies each month. The loyalty of readers enables us to maintain this circulation without difficulty. In 1969, the proceeds from subscriptions sold, exceeded the cost of obtaining those subscriptions by a multiple of approximately 2.5. The figures provided to the Audit Bureau of Circulation for the six months ending December, 1969, show that 88.7 per cent of our circulation is obtained by mail, 9.8 per cent on the news-stands, and 1.5 per cent through agencies.

This *Digest* readership provides us with our primary market for further publications. We have recently published three books which were edited, set, printed and bound in Canada. At present being offered to our mailing list are: "Canada, This Land, These People"—in both English and French—a handsomely illustrated anthology of Canadian articles which have appeared in our magazine; (this book has gone to its third printing and sales to date in both languages are in excess of 125,000 copies) and "The Canadians At War: 1939-1945"—the only complete record of Canada's war effort in print today. This three-volume set, three years in preparation, represents a substantial editorial investment to tell the story of Canada at war. *Digest* editors in Montreal found the story of Canadian achievement and loss in official records, books, broadcasts, magazines, newspapers, regimental and personal diaries, even personal letters. The record was written and compiled from these sources and the volumes were illustrated by 850 photographs and maps to tell a comprehensive story of Canada's commitment. The books were the result of a team made up of three Canadian *Digest* editors, all war veterans, and our Montreal art department—assisted by one researcher.

Now being distributed is our third major book publishing effort: "My Secrets for Better Cooking" by Madame Jehane Benoit. This three-volume set, again,

was written, edited, set, printed and bound in Canada. All these books have had an excellent reception from Canadian reviewers and represent a further extension of our Canadian editorial policies. Honourable Senators may wish to examine some of the reviews dealing with these publications. Copies of the books themselves are also available for you to peruse. These books represent an editorial and art investment of approximately \$400,000.

Supplementing these major publications are our continuing series of condensed and special book publications which we offer to our mailing lists. These hard cover books are printed and bound in Canada, with few exceptions. The prime source for purchaser of these books are *Digest* magazine readers. Our total costs (including the magazines) for setting, printing binding and packaging in Canada during 1969 benefited the Canadian printing industry across the country by \$4,653,000. Thus when considering the editorial costs of the *Digest* in Canada, the committee should bear in mind that the result is a substantial investment in the economy to the direct benefit of the printing and publishing industry in this country. The economy as a whole benefited from *Digest* operation in Canada in the same year by more than \$17 million.

This, honourable Senators, is a short review of our business and publishing activities in Canada. Thank you for your patience and for the privilege of appearing before you. We will be pleased to answer to the best of our ability any questions you may wish to ask."

**The Chairman:** Thank you very much Mr. Zimmerman. That is a very full and comprehensive statement and certainly augments the written brief. I think you will begin the questioning this morning with Senator Prowse and as I said if you wish to have any of your colleagues answer questions, please feel free to do so. Senator Prowse?

**Senator Prowse:** The figure for your circulation 88 per cent obtained by mail. Is that direct mail?

**Mr. Zimmerman:** Yes it is.

**Senator Prowse:** That is the type of thing that Christopher Young was writing about?

**Mr. Zimmerman:** I don't know the specific reference to which you make.

**The Chairman:** Senator Prowse, please let the rest of us in on it, I don't know either.

**Senator Smith:** I thought the whole world knew about that one!

**Senator Prowse:** Christopher Young in the *Ottawa Journal* . . .

**The Chairman:** If Christopher Young was writing in the *Ottawa Journal* it was a most unusual article!

**Senator Prowse:** The *Ottawa Citizen*, I am sorry, and when it was sent out, I presume, to some others. It is called "One Man's War on the Digest." Here is the original copy. Here is the second one he got in response to it.

**Mr. Zimmerman:** Yes, I do know it. I was confused with your reference to the *Journal*. I personally handled that matter, Senator, in the sense . . .

**Senator Prowse:** Well, that is what I gather . . .

**The Chairman:** Well, just before you go on, Mr. Zimmerman, I would like to ask if all the Senators are familiar with this because if you are not we should perhaps explain this. Is everybody familiar with this? Well right, please carry on.

**Senator Prowse:** I figure that anyone in Canada who has a mailing list is familiar with it, but go ahead.

**Mr. Zimmerman:** I think you are right.

**Senator Prowse:** Yes.

**Mr. Zimmerman:** No doubt anyone with a mailing list would be familiar with it.

**Senator Prowse:** Or anyone who is on a mailing list.

**Mr. Zimmerman:** Yes. May I also say that anyone who does business with broad consumers is familiar with it. I looked into this matter personally and the circumstances are these. We received an order at *Kider's Digest* from a previously addressed mail promotion to this individual's home in his name that said they wanted to order the condensed book that was involved in the matter. We did what any supplier would do, we shipped it. In the original promotion package, which was returned to us, the copy said that it was a free book which he could read, hopefully enjoy, and decide whether to enjoy continuing volumes. If he did not wish to have continuing volumes would he inform us. We have no record of ever discontinuing correspondence from the individual.

When we subsequently did what the office said we would do in supplying another volume some three months further along and send a bill with that volume, we received back the free book; not the billed book.

Unfortunately in our system—and we learned something from this complaint, we had put into the system the title of the free book.

**Senator Prowse:** This is into a computer, is it?

**Mr. Zimmerman:** Yes it is. Excuse me, may I correct that, please?

**Senator Prowse:** Yes.

**Mr. Zimmerman:** The title of the billed one. When we got the title of the free book back, which some others had received in the normal cycle on a purchase rather than a free basis, the computer did not accept the credit for that billed book. At that point we read the story in the *Citizen*. I immediately responded having been surprised that an editor of a capital paper would devote that much of the space on the editorial page to a personal matter, wrote in and explained the circumstances—and had an acknowledgement back that he is satisfied with the case.

**Senator Prowse:** I think in fairness it should be said you are not the only people in Canada that use this type of thing.

**Mr. Zimmerman:** Exactly.

**Senator Prowse:** The thing I am interested in—when you get 88 per cent from mail . . .

**Mr. Zimmerman:** On the magazine?

**Senator Prowse:** On the magazine.

**Mr. Zimmerman:** That is correct.

**Senator Prowse:** This would be the experience of other major magazines as well?

**Mr. Zimmerman:** Quite different.

**Senator Prowse:** How do they get theirs?

**Mr. Zimmerman:** From several sources. You will recall that we said 88 per cent—88.7 I believe to be correct—from direct mail, some approximate 10 per cent from what you and I would call news-stand—

freely purchased at will copies—and the balance from agencies. The agency is an insignificant factor.

I might deal with the insignificant factor first. The agency sales are most generally retired people who sell to their own friends, mainly their own relatives, and it is a very small percentage of our circulation. We will not sell door-to-door and there is a reason for it. We don't want our reputation beyond our control.

Other publishers, without selecting any one because it is very general in the publishing business, use another additional method which accounts for a range of anywhere from 35 to 50 per cent of their total circulation that we do not use—what we would normally call direct door-to-door selling. The reason we don't use it, as I have said, is because we cannot protect our reputation. We have never used it and we never intend to.

The second point is that it is the most costly method of obtaining circulation. May I give you an example?

**Senator Prowse:** Yes.

**Mr. Zimmerman:** This is hypothetical but the figures are not too off in the sense of reasoning. If we mail a new subscriber an offer and they respond, we will renew that subscriber the second time around; maybe a year or two years later at a very high rate of renewal—somewhere in the order of 60 per cent at the low end. Whereas if you sold, from our experience, on a door-to-door basis your renewal factor could be as low as 25 per cent. It doesn't take much of a businessman to see that this is a costly circulation.

There is another point. In the original subscription that you get door-to-door your range of recovery would be from probably 2 per cent to maybe a 10 per cent debit; meaning that you in many cases get less for the subscription than in fact the so-called subscriber paid for it. The high commissions paid to those selling door-to-door accounts for that statement. Whereas in our particular case, on the average, our cost of getting subscriptions is so much lower than the revenue that we obtain for them and I used a multiplier of 2-½. You can see quickly that we don't think from our point of view that this is the most successful way to obtain subscriptions from a financial investment return standpoint.

**Senator Prowse:** One of the things I had in mind was that it was my recollection that a number of magazines and periodicals in Canada over a period of time...

**The Chairman:** Excuse me, Senator Prowse. I believe someone would like you to speak louder.

**Senator Prowse:** I am sorry. —who employed door-to-door salesmen, found that in order not to get themselves into trouble, they had to give the door-to-door salesmen 100 per cent of what it took. In other words, the door-to-door salesman goes out and takes subscriptions and all he has to do is then send in the list of names—he probably sends the list of names in because this keeps him out of trouble. On the other hand, if they have to send in some of the money from time to time, they don't get around to sending in the money. Are you aware of that situation as well?

**Mr. Zimmerman:** Well, I am probably aware of the technique of this type of thing and the high cost of obtaining that type of circulation, but I really could not comment on personal experience on the method between the salesman and the publisher. We have no experience.

**Senator Prowse:** What would be your percentage return on your sale on the circulation of your subscription requests?

**Mr. Zimmerman:** I am sorry Senator, I don't understand.

**Senator Prowse:** What I mean is this. If you send out an offer to me to buy the *Reader's Digest*...

**Mr. Zimmerman:** Yes.

**Senator Prowse:** You send these out: approximately how many of these would you send out a year...

**Mr. Zimmerman:** You mean the percentage response, Senator?

**Senator Prowse:** Yes.

**Mr. Zimmerman:** If I could ask for your forbearance. We consider that the most private and confidential factor in our total business.

**Senator Prowse:** All right.

**Mr. Zimmerman:** I wouldn't mind discussing it in private.

**The Chairman:** Perhaps the witness would agree to send us his answer to that question in a private note following the hearing?



**Mr. Zimmerman:** Yes, we can do that for you.

**The Chairman:** I think your position is perfectly valid but at the same time I think it is a perfectly valid and legitimate question and one which interests us. If you wouldn't mind sending us this information . . .

**Mr. Zimmerman:** In confidence, we will be pleased to do that.

**The Chairman:** Fine.

**Senator Prowse:** The whole purpose of this, Mr. Zimmerman, is not to embarrass anybody and not to be smart. It is because it is pretty obvious that from the information that we have before us—both from people who have appeared before us and from our own researchers it seems that the magazine industry can only stay alive by pursuing a most aggressive circulation policy. I think you will agree this is true.

**Mr. Zimmerman:** Well, I would have to qualify my agreement.

**Senator Prowse:** Well, don't let me tell you then, you tell me.

**Mr. Zimmerman:** The qualification relates to a balance between circulation in numbers, the cost of getting it . . .

**Senator Prowse:** Yes.

**Mr. Zimmerman:** And the value of that audience to the advertiser. It isn't a simple equation because it has at least three very fundamental factors in it.

**Senator Prowse:** But the fact does remain that without a very aggressive policy in seeking circulation, the magazine industry could just not stay alive, could it? You just sat and waited for people to come to you . . .

**Mr. Zimmerman:** In a general answer again, the answer is yes, but with a significant qualification. Magazines are not sold on numbers in the sense of advertising values. They are sold on audience value that follow those numbers and those that have been chosen—and there are several more in the U.S. than in Canada that going the numbers game way have gone bankrupt.

**Senator Prowse:** Well, that gets us into another area which I will come to in a moment. This involves

probably the type of magazine and its appeal. In other words, there are areas that you feel are valuable for you to have and you want to produce a magazine to reach, which I would presume you want to do because they will enable your advertising people to sell—persuade the people who buy advertising that this is a valuable thing you are offering them—this circulation.

Now, within these areas, do you agree that you could not survive if you did not have an aggressive policy of seeking circulation and the follow-up on it?

**Mr. Zimmerman:** The answer again hinges on your word "aggressive". We never look on the building of our circulation solely on the basis of numbers. Never. What we do look at with a great deal of management judgment—it comes right to my desk—the final equation—is what do we need in order to improve the cost of getting the circulation and the resultant values to the advertisers. Those two points are the keys. We will not invest substantial dollars for numbers without looking very seriously at the cost of getting them from the profit and loss standpoint including both circulation and advertising revenue.

**Senator Prowse:** Well, let us see if we can get it. You are trying to tell me something that I am not quite getting, so let's see if we can get it right.

**Mr. Zimmerman:** I am attempting to help you.

**Senator Prowse:** You are doing the best you can with the material in front of you.

**Mr. Zimmerman:** No, it is a very hard equation to answer.

**Senator Prowse:** Well, I am quite prepared to admit that I am having difficulty. I can follow this. Just to come along and say that I have a circulation of 1,400,000 to an advertiser—this could be giveaways to the unemployed.

**Mr. Zimmerman:** Exactly.

**Senator Prowse:** This is what you are saying?

**Mr. Zimmerman:** Exactly.

**Senator Prowse:** And that you are not going to waste money on getting circulation from people who are not going to be of any interest to your advertisers?

**Mr. Zimmerman:** Correct. For two reasons and you can't separate them. The first is the cost of renewing the person who might be of a low income or unemployed is much higher than getting somebody who has the ability to buy, and secondly the increased educational level with the interest to read. The advertiser is interested not only in that audience value and its penetration of that editorial material which takes them through the book in the sense of the ad exposure side but also his ability, having gone through the book, to buy what the advertiser is attempting to market.

**Senator Prowse:** Well, what we come to then is this: you are interested in a particular segment of the Canadian public as your market?

**Mr. Zimmerman:** Yes we are.

**Senator Prowse:** And then within that limitation you feel that any effort you make to get circulation should not only carry their costs but should bring you a profit?

**Mr. Zimmerman:** Exactly.

**Senator Prowse:** In other words you are not interested in the giveaway end of it?

**Mr. Zimmerman:** Exactly. This is the advantage inherent in paid circulation magazines—paid circulation in the sense of traceable payment, not in the sense of supplements that are, let us say, hypothetically paid, and certainly not controlled circulation periodicals in the consumer field, like *Home-maker's Digest*, if I might give you an example.

**Senator Prowse:** Yes.

**The Chairman:** Excuse me, Senator. I believe there are a couple of supplementary questions that the others would like to ask.

**Senator Sparrow:** Just as a matter of interest in that circulation—you refer in your brief to five editions being printed in Braille. Is that a losing proposition or money-making proposition, or is that a service, and how do you get circulation?

**Mr. Zimmerman:** It is self-help to the blind. I don't like the word charity. It is a self-help to the blind contribution on the part of *Reader's Digest*. We give the printing publishing house for the blind the free rights to print our material in Braille and then on what we might call the charity, education and donation side

make contribution towards both the printing house for the blind and in Canada's case, the C.N.I.B. We are much interested in helping those who are handicapped by giving it at no cost to them and supplementing their costs by donations.

**Senator Sparrow:** What would the circulation be in that?

**Mr. Zimmerman:** I would be glad to give you that answer. Our company doesn't handle directly the circulation. The rights go directly to the printing house for the blind and in turn they produce the material. They are bound to us to not give it except to recognized blind distribution sources, and the CNIB in Canada has the exclusive rights for the Braille edition, for the big print edition and for the recorded edition. We have three parts.

**The Chairman:** Mr. Fortier?

**Mr. Fortier:** Yes, Mr. Chairman. Mine is a supplementary to Senator Prowse's line of questioning.

**Mr. Zimmerman,** in view of your answers who are your readers in Canada?

**Mr. Zimmerman:** I think they are best described by general wording as the best able to buy audience that we can discover in this country.

**Mr. Fortier:** Would you care to be a little more specific now?

**Mr. Zimmerman:** Well, we would have . . .

**Mr. Fortier:** Are they old, are they young, are the rich, are they of medium income . . .

**Mr. Zimmerman:** Well, the average age, which should say we haven't studied for some years, would be somewhere around 25 to 26 years—it is below 30. Now, on incomes, we could give you some idea of that. We have a higher percentage of our circulation sold to \$8,000 and above incomes than we have below that. If you would like further details, we have them from studies.

**Mr. Fortier:** If you have a recent study, I think the members of the committee would find it very useful.

**Mr. Zimmerman:** We would be pleased to submit it.

**The Chairman:** Senator Smith, is yours a supplementary question?

**Senator Smith:** Yes, Mr. Chairman, supplementary to the advertising aspect of this thing. I just picked up the February edition of *Reader's Digest* and in relation to what you have told us about the kind of circulation that you go after, do you mean that you are not interested in low income people, or the old? What classification of people don't suit the kind of market you have for the advertising material that you have in your book?

**Mr. Zimmerman:** Well, it isn't really—if I could use the word—an absolute sifting device in the sense of preventing low incomes and the old from getting *Reader's Digest*. It is a surprising thing to us, really, that if you took the depression era through 1930 through 1940, it is interesting to note that our circulation grew at about the same rate it is growing today. *The Digest* with its positive points of view, in the sense of informing people as to how to overcome their difficulties and to face their problems, has been read as equally in the sense of depression eras as it has been in the more affluent eras. It is a surprising thing to us, really, but it is true. Maybe it is because that as people decrease in income availability and they, of course, are looking for two things: opportunity and some relief from an entertainment and informative point of view and they come back to *Reader's Digest* because of its very format. If anybody wants a subscription to *Reader's Digest* they can get it very easily. In fact, part of our format is to make it easier for them to buy it. Every subscription on the news-stand has an offer for them to subscribe, so there are no restrictions. What we were talking about previously was the direct mail deal where we attempted to improve for economic reasons the recovery to us as businessmen from the subscriptions and the attraction to advertisers so we can afford to take on more people in the sense of a sound base for publishing.

**The Chairman:** Excuse me, Senator Smith. Senator Kinnear, was your supplementary exclusively to that?

**Senator Kinnear:** No, it was to Senator Sparrow's question.

**The Chairman:** The Braille issue?

**Senator Kinnear:** The answer Mr. Zimmerman gave Senator Sparrow.

**The Chairman:** On the Braille issue?

**Senator Kinnear:** No, on the big print.

**Senator Smith:** I will finish this just in a moment.

**The Chairman:** Yes. I was going to say we will finish with Senator Smith's question and then we will come to you, Senator Kinnear. You are still the questioner Senator Prowse.

**Senator Prowse:** Well, it is my question but let everyone have a whack at it.

**The Chairman:** Senator Smith?

**Senator Smith:** Mr. Zimmerman, what confused me, I think, was this aspect of it and I perhaps misunderstood to some extent what you were saying to us, but I thought that you were trying to convey to us that your procedure towards soliciting or selling the magazine on a subscription basis was to select groups within the country because they are the kind of groups that advertisers will come to *Reader's Digest* and pay big money to reach. When I just glance through this February edition without any attempt on my part to allocate them, I find Oxo, Murine, Kraft, Insurance, cold cures, margarine, cat food, dog food, an international correspondence school. On the other hand, the ones that I think would require a special kind of magazine would be related to those people who could afford to go to Japan for Expo '70, and the general tourist literature—advertising tours to Spain and Britain, and so on.

**Mr. Zimmerman:** Maybe I could say what the missing link is between us is this. We must look at reader interest in any periodical on the basis of its educational and literacy level. It does run—the graphs cross at some point relating to income and that educational level that really aids and abets the natural interest on the part of the reader relating to what we are attempting to do. I don't think that we have discriminated in the sense of promotional opportunities in any year at any time. As I said earlier, anyone can buy *Reader's Digest* who is interested in good reading. They can pick it up at the newsstand and subscribe and they will get it. It does, however, follow that as business people trying to run a healthy operation from a financial point of view—which was back of Senator Prowse's point—that we should as much as we can design to get a higher income, higher educated person in the sense of having a viable business operation.

**Senator Smith:** Yes, I believe that answers my question. Thank you.



**The Chairman:** Senator Kinnear, you have a supplementary question?

**Senator Kinnear:** Thank you, Mr. Chairman. Mr. Zimmerman replied to Senator Sparrow that he had a big print edition. I would like to know about the approximate circulation of that and where it goes. I have seen some of the big print, as you call it—books that are used in hospitals for the aged, and another type of book in big print for children. What is yours?

**Mr. Zimmerman:** Senator, I answered Senator Sparrow about the circulation of our Braille—I also was including—if you don't mind—the big print edition and the records that we also publish monthly.

**Senator Kinnear:** Yes.

**Mr. Zimmerman:** And we will give the figures on all three. I could not give them off hand and as you may recall I said these were distributed by CNIB and that my corporation does nothing but foster the arrangement direct to the printing house for the blind and CNIB. We do not keep day-to-day information within the corporation, but it is easily obtainable and we will be pleased to give you the whole three.

**The Chairman:** Thank you. Senator Prowse, back to you.

**Senator Prowse:** Your circulation at one million four is holding relatively stable is it?

**Mr. Zimmerman:** Well, that is true.

**Senator Prowse:** Or is it increasing slightly?

**Mr. Zimmerman:** It is increasing slightly. If you look at the makeup of population growth or family growth—families at the moment are growing a little faster, some less than one per cent faster than the population—we exceed this by a low of one per cent and probably a high of three in any one year. So we are growing faster than the family makeup and the population growth. We think it is a healthy way to grow.

**Senator Prowse:** Now, the magazine operation itself dealing out the books and the records and the, various other things that you have, is said to remain profitable? I think you did have two or three years there following the impact of television when it went down?

**Mr. Zimmerman:** You are quite right, Senator. We had years when our profits on the magazine were depressed abnormally. Those were the years immediately during and following the Royal Commission on Publications and there was a reason. It is our impression that the advertisers, faced by five years of controversy through the communications vehicles of Canada about whether they should be American or Canadian in their decision-making, very often decided that magazines weren't that significant as a whole and went away from magazines in total, and we suffered. The whole industry suffered. And in fact it was that cruel lesson that started the magazine industry of Canada to say "Why don't we have a co-operative industry association that properly presents the value of magazines to the advertisers who buy the advertising."

**Senator Prowse:** And that resulted then in the establishment of the Magazine Advertising Bureau?

**Mr. Zimmerman:** That was one of the reasons.

**Senator Prowse:** In any event as a result of that—now that it has been functioning your position is now back into the black, or satisfactory, and moving along there?

**Mr. Zimmerman:** Yes, but I think I should have added one more reason.

**Senator Prowse:** I don't want to go into financial figures. If you think the answer I am asking ought to be given in private—then please say so.

**Mr. Zimmerman:** Well, you haven't asked me anything so far.

**Senator Prowse:** I am trying to get a picture of the general health of the industry.

**Mr. Zimmerman:** Your question is really relating the value of the Magazine Advertising Bureau?

**Senator Prowse:** Yes.

**The Chairman:** I think he is asking really about the success of the Magazine Advertising Bureau.

**Senator Prowse:** Yes.

**Mr. Zimmerman:** Well, its growth factor is recorded publicly.

**Senator Prowse:** Yes.

**Mr. Zimmerman:** The growth of magazine revenue as a whole. It has been substantially better since the invention of the Magazine Advertising Bureau but you must pick your years. If you pick the years in the decade preceding, it has been substantially better.

**Senator Prowse:** The chief competitor for advertising is TV and radio as far as you are concerned is it not?

**Mr. Zimmerman:** Television much more than radio.

**Senator Prowse:** Yes, that is only increased slightly. And what was the figure you had on television? I tried to get it down as you said it but I missed it.

**Mr. Zimmerman:** Forty-two per cent as I recall—12.7 per cent, and radio has 14 per cent; those ratios give you an immediate picture.

**Senator Prowse:** And the increase of television over the last nine years—radio showed an increase of 13.8 per cent and I didn't get the television figure?

**Mr. Zimmerman:** 75 per cent.

**Senator Prowse:** So you are in a relatively healthy position although everybody would like to be healthier—would that be a correct way to say it?

**Mr. Zimmerman:** Yes.

**Senator Prowse:** Now, let's move in from . . .

**The Chairman:** Well, before you move into another area, I would like to ask the witness a couple of questions on advertising. You say television is your chief competition. How about other magazines?

**Mr. Zimmerman:** Well, in the opening remarks I made, I laid emphasis that the decision-making in advertising is between media first and primarily, and secondly within the medium.

**The Chairman:** Once that decision is made?

**Mr. Zimmerman:** Well, once that decision is made, it so goes back to my other remarks that I made earlier when I said that if you took the age of 15 and above, that magazine has some 52 per cent of the so-called adult population. Other vehicles such as television and the broad potpourri of newspapers would have a higher percentage than that 52 per cent, but not at the selective audience value that most advertisers want to look at in the sense of real value assessment.

**The Chairman:** I have only two other questions on advertising and I might as well . . .

**Senator Prowse:** You go ahead.

**The Chairman:** Yes, now is probably a good time to ask them. I think you said that of the national advertising revenue in Canada—magazines get 8.9 per cent?

**Mr. Zimmerman:** That is correct.

**The Chairman:** Yes, I think that is the figure I wrote down. If we take the 8.9 per cent as 100 per cent, how much of that would the Reader's Digest have? In other words, what is your percentage of that 8.9 per cent—would you have half of all the magazine advertising in Canada?

**Mr. Zimmerman:** No, nothing like that. I would say somewhere in the order of 20 per cent.

**The Chairman:** About 20 per cent?

**Mr. Zimmerman:** Yes. That is of the Magazine Advertising Bureau paid circulation magazines.

**The Chairman:** The Magazine Advertising Bureau—you have your own sales staff quite apart from them?

**Mr. Zimmerman:** Right.

**The Chairman:** They don't really sell advertising?

**Mr. Zimmerman:** Exactly.

**The Chairman:** You sell the advertising?

**Mr. Zimmerman:** Exactly. It's different than Magna-Media.

**The Chairman:** Yes, I understand that. You have approximately 20 per cent of the total?

**Mr. Zimmerman:** That is correct, senator.

**The Chairman:** Do you have any local advertising?

**Mr. Zimmerman:** Not as such. We have regional advertising.

**The Chairman:** Are there regional or local advertisers as such?

**Mr. Zimmerman:** Well, let me say . . .

**The Chairman:** Well, let me come at my question perhaps a little differently. You have given us the figures of national advertising newspapers 26.6 per cent, down I think you said 21.3 per cent in 9 years; Television 42.7%, up 75%.

**Mr. Zimmerman:** That is correct.

**The Chairman:** At the same time I think it is fair to say that of the overall money spent in Canada on advertising, newspapers are still first. That would be correct?

**Mr. Zimmerman:** Yes.

**The Chairman:** At about 30 per cent?

**Mr. Zimmerman:** Yes.

**The Chairman:** Which means, of course, that the newspapers make up this gap with an enormous amount of local advertising?

**Mr. Zimmerman:** Yes, but there is a difference, Senator. I think you will recall this from your advertising experience. A newspaper has a local advertising rate . . .

**The Chairman:** Right.

**Mr. Zimmerman:** And a national advertising rate, but essentially both ads reach the same audience.

**The Chairman:** Yes, I quite agree. I am not questioning that even for a moment. The question I am directly coming to is with your regional edition—I think you said there were 14 in Canada . . .

**Mr. Zimmerman:** That is right.

**The Chairman:** Fourteen regional editions in Canada—is it your intention to become increasingly competitive with the daily newspaper for local advertising? For example, let us say car dealers in Vancouver, or Toronto, or Montreal?

**Mr. Zimmerman:** Not specifically, but because we have regional editions we are competitive with anything that has a light section of the regional market. We just don't duplicate the newspaper market. In the *Digest* case, you cannot buy the Toronto market. You cannot buy the Montreal market separate. You can buy Toronto and Montreal in combination, which we call our metropolitan edition, so we have not reached

to a direct competition on regional advertising with a daily newspaper.

**The Chairman:** Why haven't you?

**Mr. Zimmerman:** It is a matter of economics and an appeal in the sense of the national advertisers' interest. Most national advertisers are interested in the regional section but in bigger geographics from a national advertising point of view than just Toronto, just Peterborough, just Ottawa. We have not, because of the combination of economics and the general—we might call it—pressure or interest from the advertiser, gone that deep.

**The Chairman:** What is the smallest of these 14 regional issues?

**Mr. Zimmerman:** It would be—and I would like to ask Mr. Conduit to check me—it is in the Maritimes—wouldn't it be the Atlantic edition, Mr. Conduit?

**Mr. A. J. Conduit, Vice President and Advertising Director, The Reader's Digest Association (Canada Ltd.):** The Atlantic edition has 85,000 circulation.

**Mr. Zimmerman:** Yes, that would be about the lowest.

**The Chairman:** Thank you. Senator Prowse?

**Senator Prowse:** This circulation . . .

**Senator McElman:** A supplementary?

**The Chairman:** Oh, I am sorry. You are having rough morning, Senator Prowse!

**Senator Prowse:** Oh, that is fine. It gives me chance to figure out where I am going next.

**The Chairman:** I have two supplementary question one from Senator McElman and one from Mr. Fortie Senator McElman?

**Senator McElman:** On the matter of advertising—have just been looking through your two February issues, the French language and the English language editions, and noted your liquor advertising. You have Tia Maria in both editions.

**Mr. Zimmerman:** Yes.

**Senator McElman:** You have two or three pages hard liquor advertising in the English language edition.



and none in the French language edition. And yet most of the other advertisements are duplicated. What is the basis for this?

**Mr. Fortier:** It is well known that French Canadians don't drink as much as English Canadians!

**The Chairman:** I believe the question was put to the witness, Mr. Fortier!

**Mr. Zimmerman:** That is a matter of advertising decision and I can only give you an opinion. I don't know what the penetration is for any one of those brands from a retail exposure standpoint, but we both know that the Liquor Control Commission of the provinces has an effect on what is listed and from my experience, it is generally dictated by the movement of the brand—not unlike what happens with any brands in the grocery store; so where there is not an exposure to this consumer or we might say an acceptance of significance, I would think the advertiser looking at a regional edition, from the point of view of maximizing his attraction of the market.

**Senator McElman:** There is not a policy that in selection there won't be hard liquor advertising?

**Mr. Zimmerman:** No, the policies for both editions are identical in the sense of good taste and our standards for taste. In addition to that we respect the provincial codes.

**Senator McElman:** Still on the advertising—what is your current policy with respect to tobacco advertising and do you envisage any change in that?

**Mr. Zimmerman:** Well, I will take the latter and the former—we envisage no change whatsoever. The reason is simple to comprehend. We could not respect ourselves by having for decades campaigned against the danger of smoking and taking revenue that propagates smoking. It was a straight moral responsibility decision and we have led the industry both editorially and in advertising policy for decades.

**Senator McElman:** You are advertising tobacco.

**Mr. Zimmerman:** But not cigarettes. The reason there being that cigarettes have been the one where the evidence has been most conclusive and the one that we attacked from a responsible publisher's standpoint consistently through the years.

**Senator McElman:** But you would still accept pipe chewing tobacco?

**Mr. Zimmerman:** Yes, we would.

**The Chairman:** The only ads I have ever seen for chewing tobacco were in the *Sporting News* and I didn't think you read that, Senator McElman!

**Mr. Zimmerman:** Without intent, I made the statement earlier that we do not take a single city in Canada for circulation. It has just been pointed out to me that I overlooked the Montreal French-English combination. We don't take it in a single language, but we do take it in a combined language area.

**The Chairman:** Senator Sparrow?

**Senator Sparrow:** You suggested that your percentage of the advertising revenue of the magazine advertising was 20 per cent. Was that the figure you used?

**Mr. Zimmerman:** Yes.

**Senator Sparrow:** What is the breakdown between the French and English language editions?

**Mr. Zimmerman:** I can give you a rough estimate of that one. It is about 20 per cent of the 20 per cent, so there we have it.

**Senator Sparrow:** On the direct relation to circulation?

**Mr. Zimmerman:** Yes. On a percentage point factor it is about four of the some 20 per cent and it wouldn't be more than five.

**Senator Sparrow:** Mr. Chairman, you can correct me but I will try this as a supplementary as well. On your net earnings shown on page 11 of your brief, what does that income represent as a percentage of investment as well as a percentage of your gross income including the figure of 1969?

**Mr. Zimmerman:** Well, we are talking about the financial admission we made?

**Senator Sparrow:** Yes.

**Mr. Zimmerman:** And it is page 11?

**Senator Sparrow:** Yes.

**The Chairman:** Yes, I believe he is talking about page 11 of your brief. I think that is a supplementary

question that we can deal with at this point, but I would only say to the witness that if he feels that is the kind of a question he would prefer to answer privately, he may by all means do so. Would you like to have this question again?

**Mr. Zimmerman:** I heard his question.

**The Chairman:** Fine.

**Mr. Zimmerman:** I would ask your indulgence here—I would not want to make a statement at this point but we would be pleased to answer that privately. I might remind you, however, that in the publishing business there is quite a difference. The invested funds, we might call them capital investment in the public business, as a ratio of the sales revenue is generally lower than the industry as a whole, but the risk is substantially higher. The risk coming in to having to create products on a printing press in substantial quantity and to promote these by direct mail, then hope the response is there. This gets back to an earlier question about what the response is—so the difference in the publishing industry is generally a higher return on the sales dollar and a higher return on the invested capital because of the substantial risk that is there, and you will find that where risk increases in any business that this follows. It is a different business than most other businesses in the sense of the question you have asked, and we will supply those figures to you privately.

**The Chairman:** Mr. Fortier?

**Mr. Fortier:** If I may try another one, Mr. Zimmerman. While attempting to remain within the confines of your written brief—it is also on this matter of net earnings since December 31, 1960 which appear to have, to say the least, fluctuated considerably and which, as you have underlined earlier, indicated a general decrease since the O'Leary period. Could you tell the members of the committee how much of that decrease is due to a lessening in the profitability of interests other than your two magazines?

**Mr. Zimmerman:** You would have to pick your year because we have been diversifying more actively from 1964 than in advance of 1960 into what you might call the other interests. If I could put it this way: our first major diversification was just in advance of 1950 when we found that magazine material had a substantial interest when specially selected in hard bound books of an anthology type. The next step in the evolution was our condensed book business where we

recognized that we in the magazine talked about non-fiction material and we were not hitting—if we can use that word commercially—a market for fiction reading and we thought that since our audience responded better for renewals than most other magazines—they liked reading in other words and they liked our type of reading—that we should look for the best fiction and since we found that condensing non-fiction material had quite an attraction why wouldn't we get the first rights to condensing the best fiction and running it on a cyclical basis as well.

In 1952 we started into that business and we are very successful at it.

Coming forward into the area that we are now talking about, 1960 forward—well, 1959 to be exact—we went into the record packages and we carried on, of course, the other business and then got into special books that were non-magazine—not unlike the book that I referred to earlier—"Canada, This Land, These People", "Canadians At War", Madame Benoit's book on cookery, and things of that nature.

Now, quite necessarily in the publishing business when you get into such things as I referred to on the more specialized book—non-magazine material an essentially non-fiction material, excluding the condensed book—you are into a high initial cost investment to produce these books. It took us some three years on "Canadians at War" to produce the book and I would doubt if there has ever been an book produced in this country that took as much capital. The end result of this is that we in fact expensed the internal cost throughout that period and it did affect our operation. There are other reasons. At the same time we were involved in the recognition that the technology of servicing Canadians required a computer and we spent some substantial sums in studying what system, what computer, and in turn invested in dual system—manual and computer—I think it was the year '64 where we were carrying a double dose of expense while we converted.

These three things that I have mentioned, including advertising as a fourth, were those matters that you speak of that affected our operations.

**Mr. Fortier:** Would this account for the fact that the first full fiscal year since you offered 30 per cent of your shares to the Canadian public, your net earnings are lower, but not by much, than your net earnings were in the first year after the O'Leary Report was published?

**Mr. Zimmerman:** There is a coincidence there.

**Mr. Fortier:** They have gone through a circle.

**Mr. Zimmerman:** This is a coincidence. I left one thing out that would be of interest to you. One of the most significant above and beyond the other four that mentioned respecting our operations was the cost of postage. Never did any nation in the world in the publishing business ever have such little notice and such high increases as we encountered in 1968. Now, getting back to your other question—would you mind just rephrasing that for me?

**Mr. Fortier:** Well, by 1969 you had your diversification program completed, at least as finished in 1964?

**Mr. Zimmerman:** Yes.

**Mr. Fortier:** And I see that in the first complete fiscal year since you went public in Canada, your net earnings were \$209,159?

**Mr. Zimmerman:** Right.

**Mr. Fortier:** And I look up the scale and I see that in 1962 your net earnings were \$269,000 and some odd dollars . . .

**Mr. Zimmerman:** Right.

**Mr. Fortier:** And I wonder how this has come about. Bear in mind the answer that you have given, but I also bear in mind that you have diversified as you were planning to.

**Mr. Zimmerman:** Well, the year in which you speak of which was the year following the issue of our stock, we had a postal strike which upset our ability in a key mailing period for most of a month and a half. It was a one or two or 21 or 23 days strike, but we had to stop in advance of it and we had to wait for the mail services to pick up in order to enter the mail. On top of that we ran into the most severe return of product and the most severe return of bills on other matters which substantially affected our business. At the same time that year, we were doing what we call the second phase of our computer conversion. We had done the magazine some two years earlier and we were then in the midst of the other two-thirds of our business activities converting to a computer, running a double system, unscrambling the computer operations—those to things are the most significant.

**Mr. Fortier:** One last question.

**Mr. Zimmerman:** Incidentally, they were unforeseen as to their definiteness at the time we went public.

**Mr. Fortier:** Well, that is the risk of going public.

**Mr. Zimmerman:** Yes.

**Mr. Fortier:** Or of remaining private, for that matter.

**Mr. Zimmerman:** Yes.

**Mr. Fortier:** You have spoken very eloquently on your policy of diversification. I wonder if you have in any way been hamstrung by any Canadian Statute or regulation in your acts of diversification?

**Mr. Zimmerman:** The answer to that is yes.

**Mr. Fortier:** Could you be more specific?

**Mr. Zimmerman:** Elaborate?

**Mr. Fortier:** Yes. It has often been said that *Time* and *Reader's Digest* were discriminated in favour of—forgive the Englishism—by being excluded from the application of section 12A of the Income Tax Act.

**Mr. Zimmerman:** There are two matters, both of them legislative in nature. There is the matter of the electronic communication and the ownership requirement. It would be quite natural for any publisher to want to extend the software side of his business into that communications industry . . .

**Mr. Fortier:** And 20 per cent or less is of no interest to you?

**Mr. Zimmerman:** I wouldn't say it is of no interest, it is of significantly less interest. Unless we have multiples of that 20 or 25 per cent it really wouldn't be of substantial interest. And as you know and I know, because of ruling there is a limit to the number as well as to the ownership. We are hamstrung on that matter.

The second one is what you would call section 12A of the Income Tax Act of 1965. There we are limited to the type and class of magazine that we published before. We have been concerned because at one time—and the example I might give you was *Hostess* produced by Maclean-Hunter. Initially, this was really an extension of *Chatelaine's* audience to people who didn't buy *Chatelaine*. With section 12A in front of us, it would have been literally impossible for us to meet that competition. We consider ourselves substantially restricted in both of those areas.



The Chairman: I am not sure I understand your last point.

Mr. Zimmerman: Perhaps I might ask John O'Brien to answer this.

Mr. John L. O'Brien, Q.C., Director, The Reader's Digest Association (Canada) Ltd.: We are limited to publishing . . .

The Chairman: Well, I understand that but I don't understand the Hostess reference.

Mr. Zimmerman: Oh, excuse me. Let me explain that part of it and then Mr. O'Brien might want to comment. *Chatelaine* had both a French and English edition. It brought out a controlled circulation periodical that I would describe as an adjunct—it did not go to the *Chatelaine* readership as such—it went to an additional selected audience which took them, as I recall, to a total exposure for an ad in both periodicals it was something of the order of \$1.8 million or \$2 million. We could not have enjoyed that experiment. Now, the magazine has since ceased to publish but that does not mean the idea is not viable.

The Chairman: Am I to understand that this would have been real competition for the Digest?

Mr. Zimmerman: Yes. We considered it competition.

The Chairman: Why did it fold?

Mr. Zimmerman: It probably hinges on your word 'readable' meaning size and significance. It never grew to a significance that disturbed us greatly, but we saw in our cracked, crystal ball, the sign of the potential attraction may be for extending audiences above and beyond the paid circulation and tied to a paid circulation vehicle.

Mr. Fortier: And then Mr. Kierans came along and helped you!

Mr. Zimmerman: That is a good point.

The Chairman: Well, if you were allowed to expand, would you have met this kind of competition with a new kind of publication assuming *Hostess* had survived?

Mr. Zimmerman: We would have at least experimented with it.

The Chairman: Does *Reader's Digest* have other publications in the United States?

Mr. Zimmerman: No it does not.

Mr. Fortier: Another question which flows from that one, Mr. Chairman. Does *Reader's Digest* have any electronic media interest in other countries?

Mr. Zimmerman: To my knowledge it owns no electronic medium.

Mr. Fortier: And prior to April, 1969, when the foreign ownership directive was handed down from the Cabinet to the CRTC, you had not done anything towards acquiring any interests?

Mr. Zimmerman: You are correct.

The Chairman: I am going to ask one supplementary question, then I am going to suggest we adjourn for a few minutes, then when we come back I will start with you, Senator Prowse. I am impressed to realize, as I just did a few minutes ago, that the witness is sitting here with his leg in a cast propped up on some kind of a rig here and that makes us doubly grateful. I had realized that. Perhaps I should have. I just wanted to ask one supplementary question, and it is a question which relates to the discussion we had here on the magazine industry.

Canadian magazines with no international interest came to us and said—if I can interpret their position I am sure you read it in the press—that it would be a terrible thing to remove the exemption as presently enjoyed by *Time* and the *Reader's Digest* because of the Canadian magazine industry, we would disappear. I put the question to the *Time* magazine people and they now put the same question to you. Do you share the rather gloomy forecast of the Canadian homegrown magazines that should the exemption ever be removed which you enjoy and which *Time* enjoys, that it would spell the beginning of the end of the native Canadian magazine industry?

Mr. Zimmerman: I will answer for myself rather than any comments for *Time*. The Canadian magazine industry, in my opinion, would be substantially unaffected. I think within a decade they would cease to be of a significance to the advertiser in this country.

The Chairman: Well, that leads to probably other questions and supplementaries so I think perhaps I will, as I suggested, adjourn for five minutes. It is now about 11.25, so could we try and come back at about 11.35 and I will start with you, Senator Prowse.

— A short recess.

**The Chairman:** I would like to call the session back to order, please. I think we can perhaps resume the questioning with Senator Prowse.

**Senator Prowse:** I have one more question regarding the matter of advertising in regards to the regions. I am not clear in my mind, Mr. Zimmerman—do you go into the regions for the purpose of meeting competition from other media, for the purpose of meeting competition from other print groups like magazine and newspapers, or is it for some other reason?

**Mr. Zimmerman:** We go into the regions to attract advertisers—the markets they wish to advertise in. That is as simply as I could put it.

**Senator Prowse:** Does this create new markets then to pry extra advertising revenue out of advertisers?

**Mr. Zimmerman:** I would think that it extends our advertising opportunities for revenue. Probably this factor will give you a better focus on it. I will ask Mr. Conduit to check me on this, but we have as a percentage of our whole national revenue, as I recall it, some 9 per cent or 9½ per cent roughly . . .

**Mr. Conduit:** It is roughly 12.

**Mr. Zimmerman:** Closer to 12?

**Mr. Conduit:** Yes.

**Mr. Zimmerman:** Some 12 per cent of our total revenue today in those regions. Now, the question remains, if we didn't have that, would we have some of that 12 per cent back in the national advertising area? I would think some of it but not a large proportion; maybe you could say a third of it, but it is more third than two-thirds. That probably gives you the best feel of it.

**Senator Prowse:** So really it just extends your ability to sell advertising and it is not really competition with other magazines or newspapers, or is it?

**Mr. Zimmerman:** I wouldn't want to say it was not competition with other magazines, because essentially we all started doing it at the same time. We are competitors in some cases with other magazines, but we are not as directly competitive with newspapers for good reason. Newspapers in every major city in Canada would have a higher circulation penetration than *Reader's Digest*. Now, the advertiser looks at this numbers, yes, but he also looks at the meaningfulness of those numbers in our section of the market

and it doesn't take him head-on in any city. We don't have the exact audience as he has. As I mentioned we have a metropolitan, edition and only in Montreal, where we have the twin language edition although there is no twin language combination that I know of in that market. So they would have bigger numbers, they would have less selected audience values in income, education, and things of this nature.

Now, the major attraction, it seems to me, is to provide the advertiser with two things that he could not get through other media. The first one I would put as test marketing opportunities—so he can find out in a limited market—let us say Ontario—what is going to happen without him expending on a new product in inventory and a promotional and advertising cost of the whole nation. He can get into a national advertising medium—magazines—and test whether he should go further, by simply marketing in the area and confining his advertising to national magazines' regional editions or we might say city newspapers, and radio. We have about the same balance in effect on consumer attraction in buying, whereas he could not have had it before.

You know, this leads to a question—when newspapers choose to say that we in fact are attempting to compete actively with newspapers. This—and I might say it with a smile—is a chicken and egg story. What came first? Newspapers went into the national advertising field through weekend supplements with really the start of *Weekend* in 1951-52. Of course, magazines did not start in any degree in regional editions until well on into the early sixties, so they were there essentially a decade before. When I read what you and I might describe as points of view from people who are in other competitive media, I smile when a newspaper tries to establish the fact that magazines in some strange way are attacking their revenue when, in effect, the significance of regional advertising revenue is literally peanuts compared to the total national advertising revenue generated by *weekend* that a decade before. It seems to be a nebulous type of thing.

**Senator Prowse:** In other words, the purpose of the regional edition is to enable you to provide advertisers with additional service?

**Mr. Zimmerman:** Competitive convenience.

**Senator Prowse:** Well, we will move into another area now. When you decided to go public, you made 30 per cent of the stock of *Reader's Digest* available to the public; is that correct?



**Mr. Zimmerman:** There were two steps, Senator. The year before, we made some roughly 8 per cent available over a period of five years to the senior executives of the company, simply to take those executives who contributed most relative to their positions and favour them with a stock option plan. At the time we went public they purchased maybe 25 per cent as a maximum of the available stock because of its date due combinations.

**Senator Prowse:** Yes.

**Mr. Zimmerman:** Then we issued some 25 per cent of our stock through the normal dealer financial investment house structure to Canadians and we did everything we could to restrict it in the sense of Canadian control. We were most concerned of falling into a trap because there is no legislative control of ownership of stock.

**Senator Prowse:** Yes.

**Mr. Zimmerman:** We decided we might well offer in the only country in the world in which we were going public *Reader's Digest* stock which is world-wide known and by putting it through the Canadian stock exchanges still have ownership in India, Africa, the U.S., and whatnot, because of its international connotations in the field. We worked every method we could conceive to the distributing network to restrict the number of shares that any person could buy and to insist that they be Canadian citizens.

**Senator Prowse:** Is this in your articles or the by-laws of your company?

**Mr. Zimmerman:** No, we couldn't do it. There was just no method of making that stick—I mean a legal stick. What we did do rather was spread it widely across Canada. That is simply to say that on the average our dealers were instructed to not give any one person or purchaser more than a hundred shares as a maximum, so that gave little parcels spread right across the country. The second thing we did do was to select a dealer structure so that they were spread across the country where we could get broad distribution, and the third thing that we did—and laid considerable emphasis on this, then checked it in the sense of the transfer and registration side to see that in fact they did not sell this to anyone but Canadian citizens.

The fourth thing we did which caused considerable concern to employees around the world of *Reader's Digest* was have our Executive Vice President write a policy letter that was literally on the bulletin board of

every *Digest* edition in the world that it was in management's interest not, through any mechanism, to purchase a share of the Canadian company's stock. I can assure you that they would have bought it all if they could have got their hands on it.

**Mr. Fortier:** How have you kept abreast of the ownership, though?

**Mr. Zimmerman:** Registration. We look at ours—well, there are methods and methods, I will quite agree with you. However, as far as we can tell, it has been a very good plan and very well executed. We could only trace—one grand-father that I know in Canada that gave some grand-children in the U.S. some shares, and they were so insignificant it would be less, as I recall it, than one per cent.

**Mr. Fortier:** I am wondering if Mr. O'Brien could expand and tell us how effective in the end this could really be in preventing American citizen "X" from purchasing shares on the Canadian stock exchange?

**Mr. John L. O'Brien, Q.C., Director, The Reader's Digest Association (Canada) Ltd.:** I don't think if there was a concerted drive by anyone to pick up the shares—I don't think it would be effective at all excepting to the extent that with a wide distribution in an area and among people who are not traders in the stock market, they probably don't dispose of their shares quite as readily. It would be very hard to judge by experience because, as you know, the first year was not a good financial year for the companies, so there wasn't the demand in financial circles for the shares.

**Mr. Fortier:** It has been a practical solution?

**Mr. Zimmerman:** That is right.

**Senator Prowse:** Is it in order to have people maintain their holdings, that you have followed a policy of fairly regular dividends regardless of what your earnings sheet showed?

**Mr. Zimmerman:** I think it was respect for the investment more than any other thing. We didn't anticipate at the time of the issue that we would drop maybe, well—to something less than \$300,000 after tax earnings.

**Senator Prowse:** Yes.

**Mr. Zimmerman:** When in the previous year we had been in the area of \$600,000 to \$700,000. We did not



anticipate this. I think we would have postponed the issue if we had anticipated it. Having seen this and done long-term projections on the potentials for the stock, our directors decided that in the interest of our shareholders it would be in our interest to carry on a consistent dividend at least in the first year.

**Senator Prowse:** Why did you pick the figure of 30 per cent?

**Mr. Zimmerman:** There was no magic in it. We were—in advance of Mr. Robert Winters' guidelines of corporate citizenship—attempting ourselves to determine what good corporate citizenship meant. We had been doing this long before by appointment in the *Digest* . . .

**The Chairman:** What year was that?

**Mr. Zimmerman:** May 1960. So I have had a decade. Now, in the terminate of what we assessed those guidelines should be, we carried out policies in Canada which we believed carried out, in full, the responsibility for good corporate citizenship. At the time of my employment, when I was talking to the owner of Reader's Digest, he asked me how I felt about the progress in this area. This was his first question. Let us recall that his wife was born in Canada . . .

**Senator Prowse:** Yes.

**Mr. Zimmerman:** And I replied that I thought they had done a very good job and he said "Is there anything else that you would advise us to do?" And I said "Yes, go public. We are in the communications business—or you are" and he said "That is an interesting suggestion and I will take it under favourable consideration." I said "Well, that answers one of my questions before I become involved with Reader's Digest—I would not look favourably on the employment unless you did." And he said "I have answered you."

When he appeared in Canada as one of the dignitaries at our building opening ceremony—I think it was in the year 1961—some year or year and a half following that conversation he, without any pre-knowledge on my part, announced it himself and he said, and I will paraphrase him. We have had the intention of being the finest corporate citizen of this country of any foreign affiliate, and he mentioned to many things we had done and then said that we had also been concerned that we have not been able to find the way to retain share control in Canadian hands in absolute terms and challenged our lawyers to

try and find that way. They couldn't. That has previously been explained and I pleaded with him but really didn't need to. He said to me "Well, Paul, do you think we can find another formula that will in effect do this?" He became satisfied that we could find something that was reasonably good and in addition just in advance of our issue of that stock we had read the Winters' guidelines, were favourably impressed with them, met them and acceded to them with the exception of one; the one was the public stock offering which we were then planning.

**Senator Prowse:** Did you have any difficulty in this stock offering of establishing a price for the stock?

**Mr. Zimmerman:** Yes.

**Senator Prowse:** Did that reflect back . . .

**Mr. Zimmerman:** Well, to answer it truthfully and fairly, we did have considerable difficulty, probably more than a normal corporation doing the like thing. The reasons—some of the reasons have been brought to light by the questioning of Mr. Fortier. We had an up and down operating profit picture from '60 forward. We had been in front of a Royal Commission which had heard testimony for most of the year and then rendered its opinion. The Government of Canada hadn't rendered an opinion for four and a half or five years. During that period, surely we would have been dishonest to ever mislead a Canadian that they had a right to any continuing asset value in the corporation. We would never have done it. So it was an evolution of the combination of what comes next from the Government based on the experience we had in the past and what our operating profits were, and what good value would be to a Canadian with the attempt to get less for that stock than we believed it was truly worth.

**Senator Prowse:** You have a building in Montreal?

**Mr. Zimmerman:** Yes we do.

**Senator Prowse:** What other assets, and could you put a value on what might be described as the fixed assets that you have in Canada?

**Mr. Zimmerman:** I think we have disclosed that information in the early financial figures that were available, but let me paraphrase it.

**Senator Prowse:** Well, could you give me a rough figure?

Mr. Zimmerman: Well, let me put it this way. In the physical assets—before we put a value on them—we have a printing press located at Ronalds-Federated Ltd. on Park Avenue in Montreal. The reason it is there is a simple one to understand. Originally, when we looked in both Toronto and Montreal for the printing technology required to print our publication, we found the printing technology pretty well equal between the cities, but we couldn't find printing equipment that would print the quality that we wanted in that book. We then decided that we would be prepared to put the capital up and literally put the physical, mechanical equipment in somebody else's brick and mortar and write a printing production contract that was favourable to them, and we believe favourable to us. At that time the Ronalds-Federated principle had more to attract us than anyone else in Canada, and had the technological ability, and so we made the decision to locate it in Montreal.

Now, the second thing is carry that same philosophy through to anyone who was a supplier to the *Digest*—you see, the basic difference between the *Reader's Digest* and other publishers is that we don't compete with the graphic arts industry. All of our dollars are spent with the small and medium size printers going across this country. Many publishers have a publishing plant for publishing a newspaper, and sometimes a magazine, and then a number of them also have a printing plant and it is a natural evolution. I am not critical of this at all. But, they in effect compete with printing as well as remaining publishers. *Reader's Digest* does not. We own no brick and mortar in this country relating to manufacturing and we only provide the printing equipment when the resource capital at the printer level is not available.

Additionally, we have some 35 to 40 highly skilled technicians in our production department that guide these people to the latest technology. That equipment is never serviced without our o.k. and to our standards, and with our people guiding them, and the production quality and the production cost is analysed in depth to aid and abet the printer's survival.

We extended that into our plate-making with Meco Ltd. in Montreal. We own some equipment in the Meco plant for making our own special plates and when that isn't in use 100 per cent for the *Digest*, they are allowed to use it at no cost to them for supplying anybody else with curved plates. Also we have extended this into the bindery and plate-making and also the base equipment.

The gross investment and fixed assets and machinery is \$3,500,000.

Senator Prowse: And that would include these presses that you have provided other printers with?

Mr. Zimmerman: Yes.

Senator Prowse: Do I understand you correctly? What you do—if a printer—if you think he has the ability—the fellow you want to do business with and he doesn't have presently the type of equipment necessary to provide what you require, you will . . .

Mr. Zimmerman: We will help him.

Senator Prowse: By what—loans, or by straight putting machinery in there, or what?

Mr. Zimmerman: No. Not certainly in my time we have not been involved—only in one case there was any loan or any loan concept and that was not for equipment—that was for services. We advanced one service supplier and I would rather not disclose who it was.

Senator Prowse: Yes, I understand that.

Mr. Zimmerman: We advanced some limited capital. If I recall it was \$200,000 on a pay-back basis, over a few years and it has since been paid back. He got into a business he couldn't have been in otherwise and we did that because of both our interest in him—in his ability and ourself relating to services we needed and we didn't want to provide ourselves.

We manufacture nothing in this country. Absolutely nothing. The load is totally on the small and medium sized printers of the country. We have gone further. I have personally travelled the country to try to get an interest in provinces—a spread more related to the income of the *Digest*. I can recall an interview on a travel trip I had with the Canadian Manufacturers Association to Nova Scotia, and I talked to the—asked to recall it—the Minister of Industries for Nova Scotia who was pleading to a group of us and asking what we could do to help towards the better improvement of the economy and he particularly centered on me. He said he felt that the printing presses in Nova Scotia may be under-taxed if we could only get the Upper Canada loan concept, and I replied that we were desperately interested in this for selfish reasons but for very honourable ones, and we would like to benefit as evenly as we can the incomes we had spread across the country. And he said "Well, how will we go at it?" And I said "Well, the easiest way for us to go at it is for me to send to you, or one of your delegates, the type and class of promotion piece and/or product that

we produce that is most likely to assist your needs, and then you send the specifications out and encourage people to contact us." We did that some eight years ago and, incidentally, it was almost out of that conversation that we invited the printing company—I forget the name—that was then managed by Michael Wardell. They were in the printing business as well as the newspaper and magazine business, and I remember saying to an editor—Doug Howe, who was an Atlantic province person and knew Mr. Wardell—"Why don't you drop him a note as an editor and tell him I have been literally interested in studying our load—could he or his facilities be interested in it?" We had an exchange of correspondence on the matter . . .

**Senator Prowse:** Well, these people don't print the magazine as well, do they?

**Mr. Zimmerman:** Well, they do in the case of Donalds-Federated Ltd.

**Senator Prowse:** They do?

**Mr. Zimmerman:** That is on our part.

**Senator Prowse:** That is in Montreal?

**Mr. Zimmerman:** Yes, in Montreal. We give them the paper and they print it.

**Senator Prowse:** Are all of these Digests printed in Montreal?

**Mr. Zimmerman:** Yes they are.

**Senator Prowse:** And the work you are talking about going to the other printer is the different type of work?

**Mr. Zimmerman:** Different products, material, packaging, and things of this nature, and also the promotion material. We are very large mail promotion people in this country.

**Senator Prowse:** Is there any . . .

**The Chairman:** I was just going to suggest that we perhaps turn to editorial matters . . .

**Senator Prowse:** I was about to change.

**The Chairman:** Fine.

**Senator Sparrow:** I would like to ask a supplementary?

**The Chairman:** On this printing aspect?

**Senator Sparrow:** Not on that particular aspect. Is there any effort being made or any plan for further Canadian ownership of the Digest?

**Mr. Zimmerman:** There are no plans currently under consideration that I am aware of, and I would be aware of any. I think this is a question of how successful we are in satisfying shareholder return on existing shares and we have great faith in that. This would not be the time to attract an additional proportion of our stock into Canadian hands in view of the results of my company in the most recent years.

However, in the longer term there is nothing of substance to prevent it, and I am sure, particularly with the members of our board who are Canadian, that we will continue to bring it up, so there is nothing binding one way or the other except the return to shareholders on the existing issue and the interest we have in extending as far as we can go the Canadian point of view through our operations from top to bottom.

**The Chairman:** Senator Prowse?

**Senator Prowse:** Now, on the editorial end of it, how much do you buy directly from Canadian writers? I know the magazine chiefly buys rights and reprints.

**Mr. Zimmerman:** Yes.

**Senator Prowse:** Is there a rough percentage of it that is new material that you use in the magazine and how much of it is acquired material?

**Mr. Zimmerman:** Well, we are presumably talking here about material we are not re-publishing but new material from Canadian writers literally contracted with or arranged with between our editor and the Canadian writer.

**Senator Prowse:** Yes.

**Mr. Zimmerman:** I would like to turn that question over to Ralph Hancox.

**Mr. Ralph Hancox, Managing Editor, The Reader's Digest:** Well, I think that Mr. Zimmerman said in his opening remarks that we are now working with some 50 Canadian writers on a variety of projects. To pull a figure out of a hat, I think, would be very misleading because our operation is a long term one and often



may take up to a year to develop. I think also in that appendix that you have in front of you, there is a list of Canadian authors which is reasonably representative of the sort of contact we make and the material we publish from Canadian writers. I am sort of reluctant to put a percentage figure on it because it is an overlapping thing. We have now—say—10 pieces under immediate consideration, 30 under middle term, and some 40 to 45 under long term—continually paying authors, and we give a guarantee when the first manuscript is accepted and then we complete the fee when the manuscript is published. At the same time—for example, in the February issue if you look at the top first article—"The Day the Police Went on Strike" was an article by Gerald Clark who is the editor of the *Montreal Star*. He wrote it for the *New York Times* magazine but he benefited directly from the Canadian publication because he was paid for the reprint rights to it.

**Senator Prowse:** When you get reprint rights, do you buy it from the publication or from the writer?

**Mr. Hancox:** We have a formula, normally, which depends on the distribution of the rights we acquire and we say to the publisher "If you hold the rights to this article we would like to publish it, and our fee for doing so is 'X' dollars." This depends on whether we want the Canadian rights or U.S. and world rights which is split 60 per cent to the author and 40 per cent to the publisher, and then the author and the publisher agree and the cheque is mailed out. Some publishers say "Well, that is fine, but our split is 75 per cent to the author and 25 per cent for the publication"—there again, depending on their arrangement with the author. So both, in fact, benefit.

**Senator Prowse:** Now, I notice when I look through . . .

**Mr. Zimmerman:** I think there is an interesting point here and I would like to give you a short summary. There is no limiting percentage. What he is looking for is material largely of universal interest—certainly with a Canadian interest above and beyond the universal interest—that meets our standards and we work very hard trying to find more, and more, and there are no limits.

**The Chairman:** Senator Sparrow?

**Senator Sparrow:** You make reference to drawing material from a pool—an international pool. Would you buy editorial content direct from the parent company?

**Mr. Zimmerman:** Yes.

**Senator Sparrow:** A high percentage?

**Mr. Zimmerman:** It is part of our fee.

**Senator Sparrow:** Pardon me?

**Mr. Zimmerman:** It is part of our fee. When we say "direct from the parent company" it hinges on the fact of what Mr. Hancox referred to as the pool. He submits to the pool—each international editor submits to the pool and the pool emanates from articles that they have spotted in other periodicals and good ideas which they have honed which they may delegate either to be a freelance writer that they think is especially qualified on the subject, or to one of our several roving editors who would be especially qualified.

**Senator Sparrow:** Would you receive a price preference by dealing with the parent company than you would by dealing with a publisher or an author in Canada as an example?

**Mr. Zimmerman:** I don't really think so. It is a case where the total editorial costs are in one way or another dispersed as equitably as one can over the whole of the Digest world. You might refer to it as more of an out-of-pocket cost where if that was marketable to an arm's length transaction, you would not take your out-of-pocket costs—you would mark it up, but the question is whether you could mark it up. *The Digest* carries editorial material that is not normally of interest to other magazines.

**Senator Sparrow:** Do you have any special arrangements with the Department of National Revenue as far as the purchasing of editorial content from your parent company is concerned?

**Mr. Zimmerman:** We would say that from our extensions—meaning the tax standards—we have never been questioned. Meaning that we know of no arrangement at all.

**The Chairman:** Mr. Fortier?

**Mr. Fortier:** On what basis, Mr. Zimmerman, is the fee to the motherhouse, the parent, calculated?

**Mr. Zimmerman:** It is basically a parent company assessment of the cost of what has been prepared and dispersed across the corporate structure of the affiliates of the *Digest* including the parent company on the basis of revenue.

**Mr. Fortier:** On the basis of revenue to the parent corporation?

**Mr. Zimmerman:** No.

**Mr. Fortier:** Or to the . . .

**Mr. Zimmerman:** On the basis of the proportion of revenue which the affiliates hold to the whole revenue, the consolidated revenue.

**Mr. Fortier:** So that the Canadian edition would have a set percentage fixed at the beginning of a certain year?

**Mr. Zimmerman:** Yes, that is correct.

**Mr. Fortier:** For a one year period?

**Mr. Zimmerman:** It is a continuing thing. It could be opened at a point.

**Mr. Fortier:** Has it fluctuated so far as the Canadian edition is concerned?

**Mr. Zimmerman:** Not substantially, no.

**Mr. Fortier:** Would you care to tell us what this portion of the Canadian cost to the international operation would be?

**Mr. Zimmerman:** Mr. Fortier, we really have answered that question privately to you in our financial statements. We have stated what that formula is and I believe it is even in our brief.

**Mr. Fortier:** It is not in the brief.

**The Chairman:** Well, Mr. Fortier, we have the information. The witness is correct.

**Mr. Fortier:** Well, we have the information, but if you don't care to answer . . .

**Mr. Zimmerman:** I wouldn't like to make it public.

**Mr. O'Brien:** It is in our annual report.

**Mr. Zimmerman:** Excuse me, our able legal counsel has informed me that it was in our original perspective that it has been made public. I had forgotten that, and I am sorry for the oversight. It reads this way—as a table headed by gross revenues in U.S. dollar equivalents. That is up to \$2 million worth of Canadian company

net revenue we would pay a 3 per cent royalty. On \$2 million and \$1 up to \$5 million, 2-½ per cent. On \$5 million and \$1 to \$10 million, 2 per cent. On \$10 million and \$1 up to \$20 million, 1-½ per cent, and in excess of \$20 million, 1 per cent. So it is a graded scale.

Our revenue now, as of 1969, was between \$17 million and \$20 million.

**Mr. Fortier:** So I can figure out what fee was paid?

**Mr. Zimmerman:** Yes.

**Mr. Fortier:** Has the scale changed since 1967?

**Mr. Zimmerman:** Well, it changed in advance of our going public for a very sound reason. We wanted to have a publishing agreement that was of substantial value to the investing shareholder in Canada and we requested from the Canadian point of view a re-assessment. At that point they took a look at it, studied it for some months, and they came out with a different formula but its respect in costs on the Canadian companies was not dissimilar from the costs previously. There is no significance to the difference at all as far as Canada is concerned except on the basis of percentage of revenue.

**Mr. Fortier:** Is this formula of universal application or is it regional?

**Mr. Zimmerman:** It is of universal application.

**Mr. Fortier:** With all affiliates?

**Mr. Zimmerman:** Yes, with all affiliates.

**Mr. Fortier:** There is no edition which is treated differently than another?

**Mr. Zimmerman:** No.

**The Chairman:** Perhaps at this point I could ask—I am sorry, do you have further questions Mr. Fortier?

**Mr. Fortier:** I have a few more questions.

**The Chairman:** Well, please go ahead.

**Mr. Fortier:** Is there any compulsion from Pleasantville for the Canadian edition to use a particular article from the pool? In other words, when the world-wide rights are purchased, are the regional editions compelled to publish the article in question?

**Mr. Zimmerman:** The answer is no. They are not compelled. [Translation]

**Mr. Fortier:** Is it good policy to publish the article in question?

**Mr. Zimmerman:** No, I don't think so. It is an affiliate editor responsibility and two of them are here who are very capable of speaking for themselves. I have never found any compulsion or any pressure, and I am sure it would have come to my desk as well as to theirs. I might qualify that to be very fair on the subject. There is certainly a compulsion to avoid taking advertising on the cigarette subject which does not relate to editorial opinion.

**Mr. Fortier:** Yes. Well, what I am also curious about—let us take an article such as "The Day the Police Went on Strike" which you have already referred to. This was condensed from the *New York Times* magazine. The arrangements which you made with the *New York Times* magazine—did it precede the publication of the article in New York or did it follow it?

**Mr. Zimmerman:** I will ask my editors to confirm or deny my statement, but my statement is that we followed publication. Is that correct?

**Mr. Hancox:** Yes. We had no knowledge that it was going to be in the *New York Times* magazine. As a matter of fact, I saw it and said it was a very good piece and called Pleasantville and said "Why don't you take a look at this," and this is what happened.

**Mr. Fortier:** You didn't make a deal in advance?

**Mr. Hancox:** No.

**Mr. Fortier:** I think the members of the committee would like to know—were you looking for an article on the October 7 riot?

**Mr. Hancox:** No.

**Mr. Fortier:** I mean, did you favour to solicit one from any source?

**Mr. Hancox:** No. I mean, how does editorial selection go? I mean, you keep abreast of current events, you watch current magazines and publications for matters bearing on these things and consider it. If there is nothing available, then you consider the idea of developing it.

**Me Fortier:** Mr. Ranger, did that article appear in "Selection"?

**Mr. Pierre Ranger, Editor in Chief, Selection, Reader's Digest (Canada) Limited:** Yes, it appeared simultaneously.

**Me Fortier:** The same month?

**Mr. Ranger:** Yes, the same month.

**Me Fortier:** I noticed that most if not all the articles which were published in both the French and English editions can be summed up somewhat as follows: first it is published in the English edition and then in the French edition or in both simultaneously. I did not see a single one which had been published first in the French edition and then in the English edition.

**Mr. Ranger:** There are some but they are Canadian articles because I feel that we are an international magazine. We almost always simultaneously publish articles of more or less international interest which are Canadian. However, it often happens that, in the pool you mentioned, the American pool, those articles which appear in the parent edition, also appear in the various other editions. Often we publish an article in the French-Canadian edition before the English Canadian editions—at times even a few months before hand. I would like to give an example: we often publish articles of general interest, for example, an article on Versailles, or on Germany when, at certain times, we require additional material for the test. This means we may have to publish the article in the French edition at an earlier date than in the English edition. And this is done quite often.

**Me Fortier:** I admit that what I saw was in appendix 3. I did not see a one.

**Mr. Ranger:** If you check the dates, you will see that in some cases the appendix mentions things of purely Canadian interest. If there are things of international interest, there is no appendix to cover that. You would see that there are several. At times there are even American articles but that rarely occurs. However, Ralph may not find those articles interesting while I do find them interesting and publish them before him. Even later he may not use them. I would say that the main reason why *Sélection du Reader's Digest* is somewhat late is that on occasion the translation problem arises. We prefer that it be



excellent French rather than trying to publish it simultaneously. We are not a "news magazine".

Mr. Hancox: Yes.

Mr. Fortier: Will those same translation problems not occur for the English edition in the normal course of events?

Mr. Fortier: It doesn't mean that the Canadian English edition is in all points identical to the American edition?

Mr. Ranger: Yes, to a certain extent but in a less significant way.

Mr. Zimmerman: It does not mean that, you are correct.

Mr. Fortier: Is the pool more English than French?

The Chairman: I wonder if I might ask Mr. Zimmerman whether *Reader's Digest* is a Canadian magazine?

Mr. Ranger: Yes, but it is not exclusively English. For about the past ten years we have had quite a few things not only in French but also in German. It must be admitted that the *Digest's* main emphasis is English but not to the exclusion of others, far from it.

Mr. Zimmerman: Well, I had the same question proposed at the Royal Commission on Publications and the answer certainly hasn't changed. We have never claimed to be a Canadian magazine. We have always maintained it is a magazine of universal interest—an international magazine.

[English]

Mr. Fortier: Maybe I should direct this question to Mr. Hancox. As I read or as I look at your February issue, I see on the masthead page the English magazine is published simultaneously each month in Canada and the United States. There is no such reference to simultaneous publication in *Sélection*. What is the meaning of published simultaneously each month in Canada and the United States?

The Chairman: You would not then say it is an American magazine?

Mr. Hancox: Well, as you may be aware, the United States is a signatory to the one copyright convention and Canada is a signatory to another, and this simultaneous publication is a copyright protection to those articles of the countries of both agreements.

Mr. Zimmerman: No, I would not say it is an American magazine. I would say that it is truly the only international magazine of substance in the world. That chart portrays it from the standpoint of the multilanguage side as well as the circulation.

Mr. Fortier: I am curious . . .

The Chairman: I would like to ask you a couple of questions about the chart if I might. First of all, there are as I understand it 20 editions of *Reader's Digest*, one of which is the Canadian edition. Is that correct?

Mr. Zimmerman: Well, I think you are . . .

Mr. Hancox: I am not an expert on copyright.

The Chairman: Am I low?

Mr. Fortier: Well, I don't find it in the French *élection*.

Mr. Hancox: It is in fact 29.

Mr. Hancox: Well, you see, once the copyright has been obtained for publication, then of course the article is protected.

The Chairman: Well, I apologize. Twenty-nine editions.

Mr. Fortier: Unless the article appears first in *élection*?

Mr. Hancox: That includes five Braille issues.

Mr. Hancox: Yes, and in which case that copyright will have been perhaps copyrighted in another country first.

The Chairman: Yes. Well, of the 24 non-Braille editions—what is the Canadian batting average in terms of getting Canadian articles into international editions? Some of these articles have 23 million readers. Do these other 24 publications similarly try to get their native articles into the international publication?

Mr. Fortier: That is the only meaning of it?

Mr. Zimmerman: Well, to answer your first question, more than 50 per cent of what we publish in Canada

from what you and I might call written by Canadian or about Canada will appear in the majority of the international editions.

**The Chairman:** Well, what are some of the other editions? Are there South American editions?

**Mr. Zimmerman:** Yes.

**The Chairman:** Well, how do the South American publishers and editors do comparatively in getting their material in the magazine?

**Mr. Zimmerman:** Well, I have never studied that in absolute terms, but I would think not as well as Canada for a couple of good reasons.

**The Chairman:** Well, that was my next question. What are those reasons?

**Mr. Zimmerman:** Well, the fact that North American pool of editorial material is substantially greater from the writer graphic arts standpoint than any continent in the free world, says itself that the ability is there. The literacy level of the population and the economy is there. So these are primarily the reasons why we would have an advantage. There is another one. The fact that we live next door to the biggest power in the world and have a history of influencing it and getting along with it is probably another reason. The founder's wife is a Canadian, but how much we can put on that one, I don't know. Certainly, that is another interest.

**The Chairman:** Would there be another reason? I put it to you not at all, please believe me Mr. Zimmerman, to be unpleasant, but I think at this kind of a session we have to ask these kind of questions—wouldn't it be partially enlightened self-interest?

**Mr. Zimmerman:** Yes.

**The Chairman:** You said at the beginning that you have a determined Canadian policy as I recall.

**Mr. Zimmerman:** Yes.

**The Chairman:** Well, to the extent that it would be enlightened self-interest and in putting that to you I am not questioning your own Canadianism at all, and I am sure you appreciate that, but shouldn't we then at the same time as we have been critical, or some people in the magazine industry have been critical of Senator O'Leary's report for the depressing effect it had on

magazine revenues—didn't it perhaps do something towards creating a greater sense of the need for Canadian policies on the part of companies like yours?

**Mr. Zimmerman:** Unquestionably. I think he contributed a number of things, that being one of them, or his committee did.

**Mr. Hancox:** Well, I think it also has to be said that the decision on the publication of an article is an editorial one. If it doesn't measure up then it doesn't go in the book, no matter where it comes from.

**The Chairman:** Well, I wanted to ask you just a couple of things on the chart which you unveiled. I would be curious to know—"A Canadian's Letter to the American People." Who was the Canadian who wrote that?

**Mr. Hancox:** Bruce Hutchinson.

**The Chairman:** Presumably, you know, there are all kinds of Canadians who could write a letter to the American people and I am sure Mr. Hutchinson wrote quite a different letter than the one Walter Gordon might have written.

**Senator Prowse:** And a better one possibly as well!

**The Chairman:** Well, that is a matter of judgment, Senator Prowse. You and I may disagree on that. You have this awful responsibility as editor or as editors of determining what the Canadian point of view is? I quite agree some one has to, but in terms of your publication, this is a pretty somber responsibility, isn't it?

**Mr. Hancox:** Well, no. We don't have the responsibility of determining what the Canadian viewpoint is. Our responsibility is to the Canadian magazine. We suggest material to our international pool and their decision on whether they want it in that pool, of course, is theirs, not ours.

**The Chairman:** Well, I take that point. I am not ever going to speak to you on the fact that "Hockey: Marvellous Methuselah" is American! I won't even mention that fact.

**Mr. Zimmerman:** May I remind you that you are overlooking many other Canadians that we have written about including Bobby Hull!

**The Chairman:** Well, he is on the list. I was going to ask you a question but it would be unfair . . .

**Senator Prowse:** I don't know how you got off that one!

**The Chairman:** Well, let me put it to you. I believe it will be a tough question for you to answer. If we were interested in the amount of Canadian material that was published in the international edition of *Time*, would it be fair to say that the *Reader's Digest* comparative figures are rather more impressive?

**Mr. Zimmerman:** Well, I wouldn't want to speak in absolute terms on that matter because *Time* is a different magazine. *Time* is a news magazine. In my opinion Canada needs a news magazine.

**The Chairman:** Apart from *Time*?

**Mr. Zimmerman:** Apart and including *Time*. I think competition in the news magazine field is essential and it is my belief that Canada could use a good news magazine written for and managed by Canadians.

**Mr. Fortier:** They said *Homemaker's Digest* was a good magazine as well, Mr. Zimmerman.

**Mr. Zimmerman:** I am not speaking, Mr. Fortier, of *Homemaker's Digest*. I appreciate your humour.

**The Chairman:** That is more than most of us do!

**Mr. Zimmerman:** He seems to have it both in the English and French tongue. I would not want to comment on *Time* in the sense of its magazine contribution to Canada, other than to say that I think it is a good magazine and it fills a need. I have also said that I think there is a place for a good Canadian-owned and managed news magazine.

**The Chairman:** Mr. Ranger says there is one in French—*Sept-Jours*.

**Mr. Zimmerman:** I was thinking from the English point of view.

**The Chairman:** I appreciate that.

**Mr. Zimmerman:** The second point I would like to make is that the difference between magazines like *Reader's Digest* and some other international magazines is this: we are a general magazine, we carry a lot of informative information written in depth

about a particular subject, much broader coverage and type than of course you carry in news magazines. Additionally, we publish in some 14 languages and have, as Senator Davey point out, excluding the Braille editions, some 24 editions around the world with a total audience exposure of over 100 million people. There just isn't anything that compares with it and its ability to propagate Canada, or any other subject of universal appeal.

**The Chairman:** I think you have dealt with that adequately and perhaps I can turn to your editor of the English magazine. I read in the brief at page 5. "All Digest articles . . . have the common thread of universal interest", and so on. And then you say:

"It is the task of the Canadian editors to contribute to and select from this pool for their monthly editions . . ."

And we have discussed this, I think, and to "develop articles with a Canadian focus." Well, let us not talk about developing articles—let us talk for a moment about adapting articles. My specific question to you is: How do you adapt articles with a Canadian focus?

**Mr. Hancox:** Well, that simply isn't the question. It depends on the article first of all. And, for example, one adaptation which was mentioned earlier in Mr. Zimmerman's remarks—"The National Menace of Shoplifting". There was an article in the United States on this subject in the parent edition and we looked at it and it was obviously one which we couldn't use in Canada because it had no relevance to us. The figures were different, the examples were different, and the locations were different, and so we opened a research file on it.

We started inquiring from various department stores, protection agencies, and so on, about this problem of shoplifting and it became evident after we gathered a file that it was a good story to be told and one which ought to be told, and so we went to a Canadian writer and said "Here is a file on shoplifting, here is the original article—is there a parallel in Canada, and if there is not, you tell us." At that point he submits an outline and the outline either confirms or denies, and he is paid for the outline. In other words, he doesn't colour the story to get the business—he puts together a final article on shoplifting in Canada and it is published in the books. There are other examples . . .

**The Chairman:** Use your current February edition . . .



**Mr. Hancox:** Well, I have a list of adaptations here, as a matter of fact. There are some things in which Canada and the United States are jointly interested in. For example, if you take the business of consumer credit—if you were dealing with credit cards. A large number of people carry around in their pocket American Express credit card or Diner's Club cards, Chargex cards, Nova Scotia cards, et cetera. Now, it would be pointless for us, dealing only with the Canadian experience, to tell people how to use or how to handle their credit card without saying something about the United States because a number of the credit card companies are in the United States. So in that case we research our own credit situation here and take the American article and adapt it so it is particularly relevant to Canadian readers.

Another example would be a story on genealogy—tracing your family tree.

**The Chairman:** What kind of articles would need no adaptation?

**Mr. Hancox:** Well, every article that we publish is read to see—well, for example, a story about Versailles wouldn't need any adaptation. A story about the Prado museum in Madrid wouldn't need adaptation.

**The Chairman:** Well, looking at your March issue—"Is There a Substitute for God"—that wouldn't need any adaptation?

**Mr. Hancox:** No.

**Mr. P. Ranger:** Those are our best articles.

**The Chairman:** Of mini skirts and panty-hose . . .

**Mr. Hancox:** It may need adaptation in India, but not in Canada.

**The Chairman:** No, but is there a formula in each issue for a percentage of Canadian articles or a percentage of adapted articles?

**Mr. Hancox:** No. The thing is done on editorial balance. That is to say there is an on-going program of available material. You select your table for the magazine to give the maximum possible readership interest in any given edition. You don't say we are going to have three from Germany, four from Sweden, five from somewhere else. The idea is to give a completely balanced table.

**The Chairman:** Mr. Hancox, in the final analysis are you responsible to an editor at Pleasantville or are you responsible to your publisher?

**Mr. Hancox:** Well, the Canadian company pays our salary, but our responsibility is to—since we are part of an international team and since the United States in any case holds the copyright—and it is easy enough to destroy a copyright—then they reserve the right to look over what we are going to do.

**The Chairman:** Who makes the final decision about what will go in the magazine, you or an editor in Pleasantville?

**Mr. Hancox:** We do. If we don't want something in the magazine, it doesn't go.

**The Chairman:** Mr. Fortier?

**Mr. Fortier:** If they don't want something in the magazine, does it go?

**Mr. Hancox:** Well, you see, everybody has contributed to the pool, so in a sense that . . .

**Senator Prowse:** If it is in the pool, you use it?

**Mr. Hancox:** Yes, if it is in the pool, you use it.

**Mr. Ranger:** Can I express my view on this?

**The Chairman:** By all means.

**Mr. Ranger:** There is a certain amount of give and take . . .

**The Chairman:** Would you prefer to speak in French?

**Mr. Ranger:** No. Since the question was put in English, I will answer it in English.

**The Chairman:** Fine.

**Mr. Ranger:** There is a certain amount of give and take but not on the question of whether such and such an article will be in, or isn't, but for reason of balance and for reasons of interest I will present a table and this is my subject. Naturally, an article on Canada—on French Canada, and on France—let us say that I have a tendency to include that in preference to all other things being equal than other things, but the main thing is to have a balanced issue in the number of

pages that you have, and for that reason we do submit a table, but the discussion is on how interesting it will be.

Mr. Fortier: To whom do you submit that?

Mr. Ranger: There is an international editor—Mr. Adrian Berwick . . .

Mr. Fortier: He is the international editor?

Mr. Ranger: He is the head of the international editing branch; he is the one who is mainly responsible for editorial relations with the international editions.

Mr. Fortier: And you prepare the table?

Mr. Ranger: I prepare the table.

Mr. Fortier: And then you don't submit it to Mr. Zimmerman but rather to the international editor?

Mr. Ranger: I don't submit it to Mr. Zimmerman—I submit it to Adrian Berwick's office.

Mr. Fortier: Who works in Pleasantville?

Mr. Ranger: Yes.

Mr. Hancox: Well, Mr. Zimmerman would normally get a copy?

Mr. Ranger: He gets a copy, but it is submitted to Mr. Berwick.

Mr. Fortier: And that is a table which includes the titles which you would like to publish in any given month?

Mr. Ranger: That is right.

Mr. Fortier: And then what happens? Could you follow it through?

Mr. Ranger: It is generally approved as it is and after a few years I am beginning to know my onions, but once in a while they will say "You have too much duplication there, or you have a conflict of titles and it is a little similar—we suggest that you replace it." I generally send a list of alternates and usually from my experience they will say we suggest you use this one.

Mr. Fortier: Have they ever killed the publication of an article which you have submitted for reasons other

than too much weight on education, or too much weight on . . .

Mr. Ranger: No. There may be the killing in the case, for example, of an article that is outdated. They will say—we found that—for example, there was one recently in the English Canadian edition called "Am I a Wife or a Widow?" and they found out that she was a widow . . .

Senator Prowse: They solved that one!

Mr. Fortier: And then your table is approved in Pleasantville?

Mr. Ranger: Yes.

Mr. Fortier: And that is the end of any censorship or approval or disapproval that you may be looking for?

Mr. Ranger: Yes.

Mr. Fortier: You are then on your own?

Mr. Ranger: I am on my own, but I am sure though that I send a copy after to Pleasantville and they read it.

Mr. Fortier: In this respect is the French edition treated the same way as the English edition?

Mr. Ranger: Yes.

Mr. Fortier: Are the two Canadian editions treated the same way as all other regional editions?

Mr. Hancox: All other international editions.

Mr. Fortier: So they must all be approved in Pleasantville?

Mr. Hancox: Yes. The tables are looked over for the reasons Mr. Ranger gave.

Mr. Fortier: Yes.

The Chairman: Who is the roving editor?

Mr. Hancox: David MacDonald.

The Chairman: Oh, I have seen articles by him.

I will say to the Senators—I have only two other questions but perhaps some of the senators will have questions. Senator Sparrow?

**Senator Sparrow:** Under the circulation of the French edition of 280,000—do you have a provincial breakdown on that circulation?

**Mr. Ranger:** I don't have it with me. The best figures are from ABC and I know them pretty well.

**Mr. Hancox:** Well, I think Mr. Davey would have them.

**Mr. Zimmerman:** Well, this would break down, I think, from an interest point of view from your standpoint to what the spread is in Canada, what it is in the U.S., what it might be in what we might call the marketing area of the *Digest*—the Canadian edition of the *Digest* also covers the West Indies—so there are really three of significance there. I can call these to you from a Canadian point of view quickly.

Newfoundland, French, 107 copies; Nova Scotia, 237; Prince Edward Island, 13; New Brunswick, 2,800; Quebec, 247,644; Ontario 7,817; Manitoba, 765; Saskatchewan, 445; Alberta, 786; British Columbia, 596; Yukon and Northwest Territories, 41. Total, all other foreign, 15,859.

**Mr. Ranger:** That 15,000 is mostly in the United States.

**Senator Sparrow:** Do you do anything to encourage the readership of the French edition in the other parts of Canada? Anything specific?

**Mr. Ranger:** I can't answer that.

**Senator Sparrow:** The reason I ask that is that you refer in your original remarks under questioning that in no way do you restrict anyone applying for a subscription, and you said there was a form in every magazine, and in the two that are in front of me there in fact isn't. Now, unless they have been removed . . .

**Mr. Zimmerman:** Excuse me, Senator, I was referring to the newsstand copy and you most probably have a subscriber's copy. We wouldn't ask a subscriber who is already subscribing to subscribe to another copy unless they did so voluntarily.

**Senator Sparrow:** So they go out separately than the newsstand copies?

**Mr. Zimmerman:** That is right.

**Senator Sparrow:** In that subscription form is there a preference given to the reader anywhere in Canada

that he could receive that edition in French or English?

**Mr. Zimmerman:** No I wouldn't think so. What we do there—it is a matter of finding the market in the tongue in which it is preferred, which in itself is a difficult thing in Canada, because if you dealt with the Province of Quebec, for example, there are a number of French-speaking people who would probably buy *Reader's Digest* because they want to improve their English and conversely there are English-speaking people in the province who would buy it because they want to improve their French, and some buy it both ways so they can compare, because over any two or three issues you have a number of articles that are the same, and so from a language standpoint this might interest them. We make no restrictions whatsoever; we rather look for those communities where there is a predominance of French or English tongue present and try to promote them for subscribers in the best economic way we can.

**Senator Sparrow:** Do you have a mail-out for subscriptions for the Province of Saskatchewan in French?

**Mr. Zimmerman:** We would pick that up in the sense of testing whether they are interested. We would make sample mailings to see if it was worth while, and we have done this rather frequently and it proved to be worth while, meaning that the cost of getting the subscriptions from that community in a special language sense was worth a minimum loss and hopefully at a breakeven or better.

**Senator Sparrow:** Of the 445 subscriptions in Saskatchewan, how would they be obtained?

**Mr. Zimmerman:** Most of those would have come because we publish in the masthead in the front of the magazine the multi-language combination for *Reader's Digest*, and so every reader of the English edition and every reader of the French edition would know we publish in other languages. The ethnic groups of Canada in some cases have preferred something above and beyond the English and French versions. We have subscribers that we have transferred to our German edition and we have subscribers that we have transferred to our Italian edition, and so on around the world, even in Asia, and if they request it in any language which they prefer it will be serviced.

**Mr. Fortier:** Could I subscribe as a Canadian to your American edition?



**Mr. Zimmerman:** Yes. I am smiling because it is a Canadian point of view and I didn't want to distort the answer. You would really have to ask twice, but if it was the other way you would only have to ask once! We might try to have you ask three times—it is a little difficult, but you would get it.

**The Chairman:** Are there other questions? Senator Prowse, I believe you have a couple.

**Senator Prowse:** The thing I am interested in—I read through your list of things here and I saw David MacDonald turn up. He is a roving reporter, is he not?

**Mr. Zimmerman:** Yes.

**Senator Prowse:** What about June Calwood?

**Mr. Hancox:** Well, June Calwood—that would be, I suspect, from another magazine—yes, Maclean's.

**Senator Prowse:** What I am interested in is chiefly this. Are you able to provide a market for aspiring Canadian writers?

**Mr. Hancox:** Yes. Our adaptation program, for example, is one in which we work with—if somebody suggests that they would like to write for the *Digest*, which is not the easiest thing in the world to do because it is a long editorial process, we assess what work they have done in the past and then if they look promising we suggest an adaptation of the kind that I was describing to Senator Davey earlier. We take them through this process and, for example, Janice Tyrwhitt marked down there and Janice began with us doing adaptations and now she is writing special articles, and Linnine Locke similarly, and Robert Collins, and we are now working with a variety of writers on this program.

**Mr. Zimmerman:** Well, Senator, we go deeper than that. That, of course, is what puts dollars and cents in the pay envelopes of the income of the professional writer today.

**Senator Prowse:** Yes.

**Mr. Zimmerman:** We go much deeper than that as responsible corporate citizens. We have carried for years the program of bursaries to the burgeoning writer—the fellow that has a smell and an interest, or the lady that has the smell and the interest—there is no discrimination between male and female in that sense because all we are looking for is their ability. And so

at Laval we cover a bursary of substance and we have maintained it for years. Carleton has a good school of journalism and we do the same thing. At the University of Western Ontario, we do it. We do it with the University of Montreal. We go deeper still. We go to Ryerson Institute that isn't a degree-giving journalism school, but it has turned out some cracker-jacks. Above and beyond that we carried for years the Canadian Nieman fellowship. Ralph Hancox represents one of the people who was, first, successful in getting the bursary—and he competed for the right to obtain it—and, then in graduating. To send a qualified graduate journalist for a year's study at Harvard University in a professional graduate journalism program might involve a cost of \$10,000 to \$18,000 to the Canadian company. I think this indicates the interest we have in writers.

**Senator Prowse:** Thank you very much.

**The Chairman:** I have only two questions, if I may, and you may ask the last question, Mr. Fortier, but I would like to adjourn in five minutes. I think this is a question you will expect because I am sure you have answered it many, many times. From time to time I have heard people criticize the whole philosophy of literary condensation because, for example, the style is lost. Would you comment on that?

**Mr. Zimmerman:** Gladly, and one of our editors might want to express his point of view. This has been a discourse of what I would call the sophisticate who we have found has not studied our product. If you take the writers for our magazines, or the writers for our books and ask them that cold, hard question—and we have repeated verbal testimony of this—I have asked them as a curious businessman "Is it better, is it worse, what's missing"—all of the loaded questions. I get consistently back one answer, "I didn't realize how little I said in my original. It is a clear, more lucid product and I am proud to have my name on it." Out of professional writers, probably numbering 100—that has consistently come back to me. I think it is unfortunate that the disparaging reference is made because it is a matter of using good language mechanics very carefully and very responsibly.

**Senator Prowse:** In other words, the writers are happy?

**Mr. Zimmerman:** Very much so. One other thing I might throw in at this stage in answering that question is that we are also very happy because in the case of our condensed books, which is a good example, this

gives them income far and above in many cases what they would get from the original rights. The fact that we have such a substantial audience in Canada and in other nations for books that are condensed is a whole new income level to them and they literally fight and work to get their fiction accepted because of the tremendous income that follows it through the multi-language profit publication of our condensed books.

**Mr. Ranger:** Usually a condensation of a book, either in a magazine or in our condensed books increases the sale of the original.

**Mr. Zimmerman:** Yes.

**The Chairman:** Has any attempt been made to condense some of the great English literature?

**Mr. Zimmerman:** Yes.

**The Chairman:** By *Reader's Digest*?

**Mr. Hancox:** It is interesting that some of the world's best writers—if you consider Charles Dickens—I like him very much, I enjoy him . . .

**The Chairman:** Yes.

**Mr. Hancox:** Charles Dickens was paid by the word and also delivered weekly instalment through the newspapers.

**Mr. Zimmerman:** Well, I might add something here. From talking to our editors in a broad sense—meaning the editors in Pleasantville on books, magazines, my editors, our book editors—when I say “my” I don’t mean that in a captive sense—our editors. When I talk to them I find in asking them questions about the condensing mechanism that they reply this way: there are articles and books we cannot condense. They are so concisely written that we wouldn’t insult ourselves, let alone the author. We do condense on those articles, or on those books that our professional talent developed in over 40 years of publishing says can be more informative and less tiring, you might say, by some condensation, but it does not apply to every article or every book.

**The Chairman:** My last question, Mr. Zimmerman, is how is the philosophy—your editorial philosophy evolving? You say in the brief at page 7:

“ . . . man responds more readily, and more creatively, to optimism than he does to despair.” Is the *Digest* changing its philosophy in the light of the

permissive society? In the light of the enormous problems we have today?

**Mr. Zimmerman:** No, it is not. I can answer it in a more illuminating way by saying that we have even had advertisements which have indicated that the *Digest* is a “go go” magazine—the common reference—and these advertisements . . .

**The Chairman:** I have one of them in front of me. “There is nothing square about the *Digest*. Controversial and contemporary subjects are part of every issue. “The pill and the teenage girl”—“But mom, everybody smokes ‘pot’”—“This stranger my son” does this indicate a change in direction?

**Mr. Zimmerman:** No it does not. What it is indicating is exactly what was aimed by—I think it was Senator Prowse—what we do with material or what material we don’t accept because of the old lady in tennis shoes concept, or something of this nature. Quite frankly, it is a case where we are updating ourselves with current information and we add a pill. It is responsible citizenship as clear as I can see it reminding the reader of the responsibility he has in any article that lends itself to that kind of concept and most of them do. Whether it is the pill, or whether it is short skirts, or whatever, the intention is to inform them in today’s connotation with information that will lead them and challenge them rather than discourage them.

**The Chairman:** Senator Prowse?

**Senator Prowse:** If you had an article that comes out and then there is dissent about it—let’s take the type of thing where you express a point of view—what arrangements do you have to provide for dissent in your magazine—dissent from the point of view that has been carried in, say, one of these issues? Suppose a reader takes exception to an article where they think you haven’t covered it thoroughly or fully, or that you haven’t given the other point of view.

**Mr. Zimmerman:** I would presume that you might be making the comparison between Letters to the Editor in the newspaper versus maybe the *Digest*—is that it?

**Senator Prowse:** Yes. This is about the best they do and it is a thing that we are concerned with, and that is getting a variety of opinions on the same subject in the same magazine so that they get in front of the same reader. This is a problem with which I am concerned, at least, and . . .

**Mr. Hancox:** Well, for example, we attempt in publishing a point of view, to assure ourselves from all standpoints—we are not normally a magazine of opinion . . .

**Senator Prowse:** No.

**Mr. Hancox:** . . . to assure ourselves that this is a balanced viewpoint. Now, the question of readers' replies is not possible because, for example, we prepare our magazine so far in advance that by the time the reply appeared everybody would have forgotten what the article was about, so we attempt first off to get a balanced viewpoint.

Also, we consider that the *Digest* is one in a whole spectrum of public information which people receive from newspapers, from radio, from television, from other magazines, from technical journals, and so on, and that if, for example, a viewpoint is not being covered in that spectrum we may well take a look at it. But if it is generally in the spectrum, we look for things that are worth printing because our motto is that it is of enduring interest because you can pick up the *Digest* a year from today and read it and it will be more interesting as a magazine than any of our contemporaries.

**Mr. Ranger:** If I may add also, there are certain subjects on which we try to show opposing views but we wouldn't be able to give space, for example, to Dr. Jim Leary to promote smoking LSD.

**Mr. Fortier:** What if your readers wanted it?

**Mr. Ranger:** Well, I think this is one . . .

**Senator Prowse:** They would have to go to Dr. Leary!

**Mr. Ranger:** Well, this is something where I think the publisher needs to lead. I myself would not comply with their request.

**Mr. Zimmerman:** On that very question I think that if there was a common thread of broad interest on a controversial point of view—let us use drugs as the example—we would certainly in the information flow about a drug or drugs cite the popular point of view and attempt to inform the reader in balance as to how he can handle it. So it isn't a case of ducking, it is a case of informing and making sure that the responsibility for the reader to make a clean decision is inherently in the information flow.

**Mr. Fortier:** Well, there is no subject which is taboo as far as *Reader's Digest* is concerned?

**Mr. Zimmerman:** Exactly.

**The Chairman:** Thank you. Well, I am leery about allowing any more questions because it is one o'clock. So may I, Mr. Zimmerman, thank you for the very forthright way in which you answered our questions today. You have been very frank and we are terribly grateful, and I must say that since the committee's inception that the *Reader's Digest* has been one of the publication in the country which has been most anxious to assist us and help us in supplying the information we requested and we are grateful. Obviously that spirit still pertains and we are grateful. I won't thank the other members of your team individually, but I would say in expressing our collective appreciation you will realize it is to your collective team. We are again mindful of your incapacity and we hope for your speedy recovery.

May I say again to the Senators that we are having a special session on the socio-economic effects of the temporary disappearance of the newspapers from Vancouver tomorrow morning at ten O'clock and in answer to a question I had from one of the press people, it is an open hearing and is open to the public.

The meeting is adjourned.

Thank you very much.

The committee adjourned.













Second Session—Twenty-eighth Parliament  
1969-70

THE SENATE OF CANADA  
PROCEEDINGS  
OF THE  
SPECIAL SENATE COMMITTEE  
ON  
MASS MEDIA

The Honourable KEITH DAVEY, *Chairman*

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No. 34

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THURSDAY, MARCH 19, 1970

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WITNESS:

Mr. Walter Gray, Vice-President, Hopkins, Hedlin Limited, Economics  
and Communications Consultants, Toronto.

SPECIAL SENATE COMMITTEE ON MASS MEDIA

The Honourable Keith Davey, *Chairman*

The Honourable L. P. Beaubien, *Deputy Chairman*

Beaubien,  
Bourque,  
Davey,  
Everett,  
Hays,

Kinnear,  
Macdonald (*Cape Breton*),  
McElman,  
Petten,  
Phillips (*Prince*),  
Prowse,  
Quart,  
Smith,  
Sparrow,  
Welch.

(15 members)

Quorum 5

## ORDERS OF REFERENCE

Extract from the Minutes of the Proceedings of the Senate, Wednesday, October 29th, 1969.

With leave of the Senate,

The Honourable Senator Davey moved, seconded by the Honourable Senator Lang:

That a Special Committee of the Senate be appointed to consider and report upon the ownership and control of the major means of mass public communication in Canada, in particular, and without restricting the generality of the foregoing, to examine and report upon the extent and nature of their impact and influence on the Canadian public, to be known as the Special Committee of the Senate on Mass Media;

That the Committee have power to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of the inquiry;

That the Committee have power to send for persons, papers and records, to examine witnesses, to report from time to time and to print such papers and evidence from day to day as may be ordered by the Committee;

That the Committee have power to sit during adjournments of the Senate and that Rule 76(4) be suspended in relation to this Special Committee from 9th to 18th December, 1969, both inclusive, and the Committee have power to sit during sittings of the Senate for that period;

That the papers and evidence received and taken on the subject in the preceding session be referred to the Committee; and

That the Committee be composed of the Honourable Senators Beaubien, Davey, Everett, Giguère, Hays, Irvine, Langlois, Macdonald (*Cape Breton*), McElman, Petten, Prowse, Sparrow, Urquhart, White and Willis.

After debate, and—

The question being put on the motion, it was—

Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Thursday, November 6th, 1969.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Smith:

That the names of the Honourable Senators Giguère and Urquhart be removed from the list of Senators serving on the Special Committee of the Senate on Mass Media; and

That the names of the Honourable Senators Bourque, Smith and Welch be added to the list of Senators serving on the said Special Committee.



The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Friday, December 19th, 1969.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Langlois:

That the names of the Honourable Senators Bélisle and Phillips (*Prince*) be substituted for those of the Honourable Senators Welch and White on the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Tuesday, February 3, 1970.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Langlois:

That Rule 76 (4) be suspended in relation to the Special Committee of the Senate on Mass Media from 10th to 19th February, 1970, both inclusive, and that the Committee have power to sit during sittings of the Senate for that period.

After debate, and—

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Thursday, February 5, 1970.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Haig:

That the names of the Honourable Senators Quart and Welch be substituted for those of the Honourable Senators Bélisle and Willis on the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Tuesday, February 17, 1970.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Connolly (*Halifax North*):

That the name of the Honourable Senator Kinnear be added to the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Tuesday, March 3, 1970.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Denis, P.C.:

That the name of the Honourable Senator Langlois be removed from the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Tuesday, March 3, 1970.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Denis, P.C.:

That Rule 76 (4) be suspended in relation to the Special Committee of the Senate on Mass Media from 4th to 13th March, 1970, both inclusive, and that the Committee have power to sit during sittings of the Senate for that period.

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Thursday, March 19, 1970.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Smith:

That Rule 76 (4) be suspended in relation to the Special Committee of the Senate on Mass Media on 24th and 25th March, 1970, and from 14th to 23rd April, 1970, both inclusive, and that the Committee have power to sit during sittings of the Senate for that period.

After debate, and—

The question being put on the motion, it was—  
Resolved in the affirmative.

ROBERT FORTIER,  
*Clerk of the Senate.*





## MINUTES OF PROCEEDINGS

THURSDAY, March 19, 1970.  
(34)

Pursuant to adjournment and notice the Special Senate Committee on Mass Media met this day at 10.00 a.m.

*Present:* The Honourable Senators: Davey, (*Chairman*); Kinnear, Macdonald (*Cape Breton*), McElman, Prowse, Smith, Sparrow and Welch. (8)

Senator Nichol, not a member of the Committee, also attended the meeting.

*In attendance:* Miss Marianne Barrie, Director and Administrator; Mr. Borden Spears, Executive Consultant; Miss Nicola Kendall, Research Director.

*The following witness was heard:*

Mr. Walter Gray, Vice-President, Hopkins, Hedlin Limited, Economics and Communications Consultants, Toronto.

At 11.40 a.m. the Committee adjourned to Tuesday, March 24, 1970, at 2.30 p.m.

ATTEST:

Denis Bouffard,  
*Clerk of the Committee.*



## SPECIAL SENATE COMMITTEE ON MASS MEDIA EVIDENCE

Ottawa, Thursday, March 19th, 1970.

The Special Senate Committee on Mass Media met this day at 10 a.m.

**Senator Keith Davey** (*Chairman*) in the Chair.

**The Chairman:** Honourable Senators, if I may call this session to order.

By way of introduction perhaps I could read a self-explanatory letter which is dated March the 6th, Ottawa, addressed to Whom it May Concern.

"This will introduce Mr. Walter Gray, Vice-President of Hopkins-Hedlin Limited, economics and communications consultants, who has been retained to undertake a research project in Vancouver for the Special Senate Committee on Mass Media. Mr. Gray is a journalist of wide experience who has been bureau chief in the Parliamentary Press Gallery in Ottawa for both the Toronto Star and the Toronto Globe and Mail. Mr. Gray's assignment is to report to the Committee on the economic, social and other effects on the community of the cessation of daily newspaper publication in Vancouver. This subject comes within the terms of reference of the Committee, which include a directive to study 'the influence and impact of the mass media on the Canadian public.'

I should make it clear that Mr. Gray will not be inquiring into the relations between newspapers and their employees, nor into the reasons for the interruption in publication. The Committee has no brief to examine the issues in the dispute, but only the effects on the community. The Committee will be grateful for any assistance you are able to give Mr. Gray in the course of his study. Yours truly."

and it is signed by myself.

Mr. Gray spent last week in Vancouver and prepared his report for us on the weekend and the early part of this week. I think perhaps the simplest way would be if you were

to read the study, Mr. Gray, and then perhaps following that we can ask you some questions.

**Mr. Walter A. Gray, Vice-President, Hopkins, Hedlin Limited:** Thank you very much Senator Davey.

On February 15, 1970, Pacific Press Limited, producers of The Sun and The Province, suspended production of the two daily newspapers.

The Sun (circulation 255,410), an evening paper, and The Province (circulation 113,123), a morning paper, in combination had a daily readership that extended well beyond the boundaries of Greater Vancouver. The two papers circulated throughout the lower British Columbia mainland, Vancouver Island and the B.C. interior. In some communities where local daily papers are published, the Sun and the Province, either individually or combined, have had larger circulations.

Not all of Greater Vancouver has been deprived of a local daily newspaper in this dispute; the New Westminster Columbian, with a circulation of approximately 30,000, before the two Vancouver papers shut down, continues to be circulated in the municipalities of New Westminster, Burnaby, Surrey and Coquitlam. With this exception, then, Canada's third largest city, population 980,000 has been without its major local daily newspapers since February 15.

On March 8, 1970, at the request of the chairman of the Special Senate Committee on Mass Media, Hopkins, Hedlin Limited, represented by Walter A. Gray, vice-president, began an intensive study of the socio-economic effects of the newspaper dispute.

This report is the result of personal interviews, telephone surveys, and observations, also, a questionnaire was used in a casual, unstructured sampling of 125 residents of Greater Vancouver. Three main conclusions are reached:

1. Despite the increased efforts of other media the majority of residents of Greater Vancouver who normally use the



newspaper as their major source of news and information appear dissatisfied with both the quality and quantity of news and information they are now receiving.

2. The absence of the daily local newspaper as the source of advertised news and information is directly affecting most sectors of the economic and social life of the community.

3. The absence of the two daily newspapers is producing a direct economic benefit to most, if not all, other forms of media within the community, and beyond.

## II. Effect on the people

There can be no doubt that the absence of the daily local newspaper is both an annoyance and an inconvenience to thousands of residents of Greater Vancouver, beginning at the breakfast table and continuing throughout the day to one final look at the last segment of television news at night.

The daily examination of advertisements for bargains, the crossword puzzle, the horoscope, the weather report, the careful digest of news on world and local events, sports, films, theatre, community activities and television schedules, and the intellectual joust with editorial writers and columnists—all these familiar, comfortable reading habits have been eliminated from the daily ritual. Now, there is the frustration of adjusting the daily routine to radio and television news programming schedules, or unfamiliar out-of-town or weekly papers, of trying to retain news and information that is not written out in black and white.

It is safe to say, as a result of the research undertaken in this study, that the suspension of production of the daily newspapers is a most unpopular event in the Greater Vancouver community.

### (a) Employment

An important indicator of the necessity of the newspaper in daily life came from the regional office of the Department of Manpower and Immigration. While statistical data had not yet been completed at the time of research the office said there were some definite indications that the employment picture in Greater Vancouver had been affected by the shutdown:

1. A greater number of employers, who normally advertised job opportunities in the newspapers, had registered with the Manpower offices in recent weeks.

2. An increased number of qualified and competent professional workers who normally would have sought employment through newspaper advertisements, have contacted Manpower Services for assistance in securing a job.

Most affected, according to the Department, have been the fractional, or day-to-day workers and structural workers who are finding it takes much longer now to find jobs.

### (b) Legal

At the time of research the Legal Department of the City of Vancouver was studying the ramifications of the newspaper shutdown as they related to legal notices. Under the Vancouver Charter the city is required to run notices of public hearings on re-zoning applications in two consecutive issues of the daily newspaper within the municipality.

However, under the provincial Interpretation Act, if there is no daily newspaper in the municipality, the city may publish notices in a paper in the nearest municipality—in Vancouver's case, the New Westminster Columbian or the Victoria Colonist. The City does intend to advertise in the tri-weekly Express and other local weeklies should such notices be required.

City Council has already amended the by-laws under the Charter to allow the municipality to advertise local improvement notices in the Express and local weeklies, in the absence of the daily newspaper.

Tender calls are being published, as usual, in the Journal of Commerce, as well as being posted on a notice board in the City Hall and circulated on a vendors' list.

Officials of the Provincial Court anticipated some problems in relation to the publication of divorce petitions, land registry and estate notices, should the shutdown be further prolonged.

### (c) Vital Statistics

The absence of birth, marriage and death notices has been revealed in this research as one of the great frustrations of the shutdown. One radio station (CKWX) and one television station (CHAN) are as a public service accepting death and funeral notices from funeral directors free of charge for broadcast.

Only the barest details are broadcast: name, place and time of funeral service and interment.

The absence of printed death notices has had varying effects on the Vancouver florist

industry. On the one hand, the absence of the "please omit flowers" line from the notice has meant that more wreaths, sprays and bouquets are being ordered. On the other, according to one florist, those persons who normally would have ordered a more expensive wreath or spray upon learning of the death and time of funeral, are now ordering less expensive bouquets sent to the home of the deceased's relatives some days later.

Funeral directors indicated that the time between the death and the funeral service has generally grown longer while relatives contact other members of the family and friends.

#### (d) Entertainment

Business at the Greater Vancouver movie houses, theatres and nightclubs which depend heavily on newspaper advertisements to attract customers, has suffered from the shutdown. The Playhouse Theatre Company estimates its seats sales have been reduced by 20-25 per cent since February 15. Vancouver's only professional theatre, Playhouse Theatre has 7,500 subscribers, but it relies on casual ticket buyers to make up the difference in overhead costs. The 20-25 per cent reduction in sales of seats in the 647-seat Queen Elizabeth Theatre which the company rents from the City of Vancouver, represents between \$3,000-\$4,000.

Film chains, such as the 18-theatre Odeon and the 20-theatre Famous Players, reported a general drop in business of from 5 per cent to 20 per cent, depending mainly on the particular film. Films requiring extensive promotion which have done well in other communities have failed at the box-office.

In the absence of daily newspaper advertising and listings, the film theatres have installed automatic telephone announcements giving the title of the film, the cast and the running times at the various theatres.

### II. Effect on the Economy

#### (a) Retail

The absence of the two daily newspapers as undoubtedly had a direct effect on the business life of Greater Vancouver. However, in almost every instance, those members of the business community reached in this study were reluctant to blame any economic downturn totally on the absence of the newspapers.

It was invariably linked to general economic conditions across Canada and the uncertainty of the British Columbia economy, particularly in the forest industry and tug operations.

Eaton's, which operates five retail outlets in Greater Vancouver, adds yet another factor: the firm celebrated its 100th anniversary in 1969 and it fully expected some decrease in sales relative to the high level reached last year as a result of special promotion and sales. In all instances—Eaton's, Simpson-Sears, Woodward's and the Bay—declined to reveal their sales figures.

According to the latest DBS weekly report on merchandising, department store sales in British Columbia in January had increased 13.4 per cent. Total retail sales in British Columbia in 1969 were \$3.04 billion, of which one-half were in the Greater Vancouver and lower mainland areas. An Eaton's spokesman admitted some sales difficulty in luxury items and suggested sales in February and early March generally might have dropped off by 5.0 per cent—which, according to the reaction of other retailers and knowledgeable Vancouver businessmen, was a very modest figure.

A spokesman for the Bay agreed that the firm's business was definitely affected by the strike, but in comparison with last year, total sales were up. He credited the unusually early Spring which has affected normal February and March buying habits.

The Bay has undergone some staff adjustments. Casual employees which normally would have been hired for late winter and spring sales have not been brought in. The salaried staff has not been affected.

All major department stores have transferred their newspaper advertising expenditures to other media, moving into radio, television and the weekly press. Woodward's was the first to take out a full page in the Vancouver Express.

All four major firms have gone into flyer advertising in a big way: Woodward's (circulation 300,000); Eaton's (250,000); the Bay (300,000); Simpson-Sears (290,000).

Normally, the department stores print flyers periodically, in connection with special promotions and sales. These would be distributed throughout Greater Vancouver primarily by the Sun and Province. Since the shutdown the stores have contracted out to private firms for printing and weekly distribution door-to-door.

With other retail firms getting into the flyer business as well, the result has been—depending on the reliability of door-to-door distribution—a veritable plague of flyers thumping against the doorsteps of Greater Vancouver.



The flyer revolution has had a direct bearing on retail sales patterns. Under normal circumstances, the department stores would advertise in the two papers through the week, carefully spacing its promotions. But in the flyer they are forced to compress a week's advertising into one publication, delivered Tuesday or Wednesday.

The result is that on the one hand, the householder, so inundated with advertising and promotion material, from a variety of firms at one time is overwhelmed by the volume and therefore frustrated in determining careful selection. On the other hand, the department stores have found that Mondays and Tuesdays are quieter shopping days than previously. One tactic now being used to stimulate buying is to drop the opening date of a sale and to publish only the closing date.

Unlike the department stores, food outlets have not resorted to such a heavier degree on advertising campaigns in other media, on the assumption that people always have to eat and must shop anyway.

Smaller retailers who have relied almost exclusively on the two newspapers for advertising, such as furniture stores, drug stores, appliances and jewellers, have apparently suffered. One operator of a four-store jewellery chain claimed a 10 per cent loss of business. The operator of a seven-store furniture and appliances chain who spent \$200,000 a year on newspaper advertising, claimed a 40 per cent loss of business.

This operator has asked his staff to take their summer holidays now. He has stopped hiring casual help.

The Retail Merchants Association reported that to date March has been a great bargain month, as evidenced by the number of sales and reduced prices in furniture, clothing, etc. Vancouver automobile prices are down 20 per cent off the list price on 1970 models.

Vancouver new car dealers, who rely heavily on newspaper display advertising, as well as radio and television, tend not to blame the decrease in sales entirely on the shutdown, but rather more on general buyer resistance felt across Canada due to the tight money situation.

The state of the used car business depends upon who is doing the talking. One dealer, who spends \$2,000 a month on advertising, says the shutdown had directly affected his used car business. Another dealer, who

spends 60 per cent of his advertising budget in newspapers, spent \$2,000 more in the last month in other media than he would normally, and business was holding up. Saturday, March 7, for example, was the biggest Saturday he had experienced in the last two years—and he could offer no particular reason. His used car sales in February totalled \$530,000, an increase of 10 per cent over last year and for the first week in March totalled \$165,000.

#### (b) Real Estate

The absence of real estate advertisements in the daily papers, and the difficulty of readers locating alternate sources of information, has apparently created considerable confusion and hardship among house buyers and sellers and apartment owners and occupants.

Real estate sales in Greater Vancouver in February totalled \$14,791,981, an increase of more than \$2,000,000 in the same month last year.

But with the disappearance of newspaper advertisements the Vancouver Real Estate Board estimates telephone inquiries to agents have decreased by 50 per cent.

The Board does point out that its Multiple Listing Service is sent out daily to 2,700 persons and information on real estate transactions is being circulated widely. Since the shutdown the Board had started issuing an information sheet listing open houses available for inspection on weekends.

A particular hardship has been placed on persons forced to make a quick sale of their house. Under normal circumstances the agent would advertise the sale four or five times a week in the daily paper.

The Greater Vancouver Apartment Owners Association acknowledges a hardship on persons seeking apartment accommodation. Coupled with the absence of advertisements is the fact that Greater Vancouver has an apartment vacancy rate of only 0.8 per cent, down from 1.0 per cent a year ago. A vacancy rate of 3-4 per cent is considered healthy.

It will be weeks, if not months after the Sun and the Province re-appear before any accurate assessment of the effects of the shutdown can be made. The contradiction of opinions received, the reluctance to separate the effects of the shutdown from the general economic climate, make it extremely difficult, if not impossible to present a true picture of the economic ramifications of the suspension of publication.



It would appear safe to suggest, however, that the current experience in Greater Vancouver, is quite similar to those which have occurred in other communities in recent years, such as Detroit and New York, judging from research reports that have subsequently been prepared following similar absences of the daily newspaper in the community.

The Bureau of Advertising of the American Newspaper Publishers Association, in a summary report of the effects of the New York City newspaper strike, which lasted from December 8, 1962 to March 30, 1963, presented these facts, which may be of some relevance in any post-shutdown research of the Vancouver situation:

"According to the National Retail Merchants' Association, retail store sales in Manhattan Barely held their own at the height of the Christmas buying season and by January 14, a 'creeping paralysis' set in and continued right through to the end of the strike..

"Estimates of other business losses range from 15-20 per cent for florists, 40 per cent for used-car sales, and from 50-60 per cent in real estate. Attendance dropped sharply at theatres, motion pictures, sports events, art galleries, and museums. Free-lance photographers lost some 50 per cent of their income; employment agencies lost from \$1 million to \$2 million a month. . .

"Recovery progress was slow even though the city's papers employed a wide variety of promotion and hard-sell to recoup circulation and lineage lost during the shutdown. ABC circulation statements for the six-month period April 1—September 30, 1963, showed circulation losses of from 3 to 22 per cent when compared to the same period in 1962. According to Editor and Publisher, 5-4-63, the three major factors in the circulation decline were:

- (1) A sharp drop in sales of early street editions of morning papers;
- (2) The doubling of price (from 5¢ to 10¢) by the standard-sized A.M. papers;
- (3) Thousands of commuters "discovered their hometown papers and lost the habit of buying New York papers going to and from work."

#### IV. The Response of Other Media

##### (a) Television

With the availability of nine television channels through cable television, Greater Vancouver is probably the most highly-competitive television market in Canada.

In this competitive situation, KVOS Bellingham, with 90 per cent of its advertising directed to its Canadian audience, and enjoying one of the most successful first quarters in its history, on February 15, found itself in the position of having to refuse potential Vancouver advertisers who sought alternate advertising space when the Sun and the Province ceased publication.

During the last Vancouver newspaper dispute two years ago KVOS offered both papers a half-hour slot to present their columnists on the air, but because of increased heavy CBS network commitments (82 per cent of air time) such accommodation was not available in the present situation.

KVOS does provide a five-minute broadcast of Canadian news at 7.25 p.m. nightly, but because of network commitments beginning at 7.30 p.m. the station has been unable to extend the newscast.

CHAN-TV, operating under the CRTC regulations which permit only 12 advertising minutes per hour, at February 15, had already sold all its advertising prime time. With the disappearance of the newspapers, the station quickly sold all other time—the less desirable daytime slots.

The major retail department stores and real estate firms which previously advertised primarily in the newspapers, quickly became CHAN clients.

Before the newspaper dispute, CHAN included in its hour-long news program at the dinner hour an in-depth feature. This feature has since been cut back to increase the number of news items, including segments of national news taken from a feed received from CFTO Toronto's World Beat program. Added to the program are nightly television listings and on-camera interviews with theatre patrons who are asked to comment on current films.

In addition, the usual 15-minute regional and local news summary following the 11 p.m. CTV network news has been extended 15 minutes to provide more news and information.

CHAN with a 20-man news room, and a crew in Victoria, the provincial capital, has

made an effort to build up its local weekend news coverage. It has hired one Sun reporter and is planning to hire a second.

The station took a strong editorial stand on the March 11 municipal referendum for a \$29.6 million five-year development plan for the City of Vancouver.

Before the shutdown, both the Sun and the Province gave strong editorial support to the project. With their disappearance Vancouver Mayor Tom Campbell publicly expressed his concern over the absence of newspaper support and its effect on the outcome of the referendum.

CHAN provided alternative support by despatching camera crews to photograph young Italian, Chinese and Japanese-speaking boys and girls knocking on doors in the east-end urging residents in their native tongue to get out and vote. Of the 32 per cent of the 121,771 eligible voters who turned out, 62.67 per cent, or just over the required 60 per cent voted in favour. The majority of support for the five-year plan came from the east end.

CHAN has also introduced a new program, Information Centre, to broadcast public service announcements, including obituaries.

The CBC station, CBUT, has sold all its advertising slots, recording a 20-25 per cent increase in sales, due mainly to the demands of the major retail department stores.

Both CBUT television and radio have extended their news coverage, with CBUT-TV expanding from 12-14 minutes to 25 minutes daily. It is now including stock market reports in its news coverage.

#### (b) Radio

Vancouver radio stations, like television, are increasingly being pressed by advertisers for time slots, but as in television, the radio medium, with one or two exceptions, was already enjoying a buoyant first quarter usually a quiet period for radio.

Station CKWX, for example, quickly filled in the few remaining gaps of its 1,500-minutes-per-week allowable advertising time. It extended its five-minute newscasts to 7-10 minutes and introduced newscasts every half hour in its 6.30-8 p.m. broadcast period. As a community service it began introducing death and funeral notices, at an average of two or three per hour. The station accepts such notices only from funeral directors, not from relatives or friends.

The station also offered to carry birth notices but at the time of writing there was no public response.

In the evening, station personality Don Porter reads the popular comic strips from the two daily Seattle papers.

Unlike CKWX, Vancouver's most-listened to station, CKNW, is not accepting obituaries for broadcast. Basically a news and talk station, with a news staff of 16-18, CKNW has made no additional effort to provide news, and all advertising time was booked before the two papers ceased publication.

CHQM, a "good-music" station, which normally restricts its advertising content to only two-thirds the allowable, lifted its self-imposed restrictions after February 15, and all available advertising time is sold.

The station hired four or five newspaper reporters affected by the shutdown and extended its five and ten-minute newscasts by five minutes.

CKLG, a youth-oriented station, found itself branching into such new news coverage as ski reports, theatre and entertainment and public service announcements. Major retail and food stores have become advertisers on CKLG.

Only CJOR reported less-than capacity advertising (90 per cent), but indicated that sales were up 25-30 per cent. As with the other stations, CJOR has lengthened its newscasts, by including, among other items, more business and market news.

A notable exception to the expansion in radio news broadcasting is CKVN, which, in the third week of the shutdown, abandoned its 12-hours-in-24 news programming introduced a year ago, after losing a reported \$500,000 on the experiment. As a result 13 members of the news staff were laid off work.

#### (c) Out-of-town Papers

Out-of-town newspapers are attempting to fill some of the void created by the absence of daily local newspapers in the Greater Vancouver area. The New Westminster *Columbian*, which has traditionally found the *Sun* and the *Province* major competitors in its own circulation area, has increased its daily run from 30,000 to 45,000. It has increased in size from an average of 22 to 40 pages to handle the increased volume of advertising, mainly classified advertising. It has increased its news presentation from an average of 1,300 1,400 column inches to 2,000 column inches.



The *Columbian*, which previously limited itself to coverage of local news, (about 80 per cent), now publishes more national and international news. It has taken on additional personnel in the editorial department and added 40 more men in the composing room to handle the advertising volume, which has doubled.

The *Columbian* has, since the shutdown began, picked up a printing bonanza in the form of flyers being distributed weekly by Simpsons-Sears (press run 290,000) and Woodward's (300,000).

The *Times* and *Daily Colonist*, published by Victoria Press Limited prior to the shutdown made no attempt to compete in Vancouver (about 80 *Colonists* and a few *Times* sold on news stands). Since the shutdown 1,000 issues combined are being sold daily in the city.

However, the most significant effect the shutdown has had on the Victoria papers has been in the increased circulation up-island, in such areas as Nanaimo. The *Colonist* estimates its circulation has increased by 2,000-3,000 in this region which was previously served, not only by a local paper, but by the *Sun* and the *Province*.

It is worth noting at this point that during the shutdown, the British Columbia Legislature has been in session, and the absence of the *Sun* and the *Province* has removed two of the most outspoken critics of the British Columbia government from the scene.

The *Seattle Times* and the *Seattle Post-Intelligencer*, both with limited circulation in Vancouver before the shutdown have made impressive efforts to serve the city.

The *Evening Times*, which previously shipped 100 copies for sale (15¢) at news stands, is now shipping 3,200-4,300 daily and 7,500 Sunday copies.

Vancouver readers receive the first edition, published at 10.20 a.m. and shipped the 145 miles by special truck for distribution to news stands by 3 p.m. A reporter and photographer have been stationed in Vancouver to gather news for publication in the "Canada" edition.

The March 11, edition, for example, featured a front page feature and accompanying photograph, entitled "Vancouver's Future is Looking Up."

Inside articles discussed the newspaper dispute, and a scheduled Vancouver-Seattle hockey game. Reports on the Toronto and Montreal stock markets were also carried.

The *Post-Intelligencer*, which previously had sales of about 500 in Vancouver is now distributing 6,500 copies, at 15¢ each. Its "Canada Special" is a replate of the first two pages of the first edition published at 11.30 p.m.

The March 11, issue featured two front page articles, "White House Sets Quota on Canada Oil", and "Underground Papers Charge Harassment"—an account of a sitting of the special Senate Committee on Mass Media.

Page 2 featured five Canadian national and Pacific region items and brief reports on Vancouver, Montreal and Toronto stocks.

Before the shutdown The *Globe and Mail*, which maintains a permanent one-man bureau in Vancouver, had a daily circulation of 300 (sold on news stands at 25¢ and 30¢ on Saturday). Immediately after the disappearance of the *Sun* and the *Province* its circulation climbed to 1,900, but with the appearance of the *Vancouver Express*, the employees' tri-weekly paper (see below), its circulation dropped down to 1,200. The *Globe and Mail*, together with its five-day per week business section, the *Report on Business* arrives in Vancouver by air freight at 5.30 a.m., and is distributed to news stands and to the central post office and the bus depot for distribution in other areas of the province.

The Canadian Press and United Press International bureaux are located in the Pacific Press Limited building. As members of CP the *Sun* and the *Province* are obliged to provide the co-operative agency with news for circulation to other members. Since they ceased publication the CP news bureau has been relying on its own news-gathering resources and on radio and television for news. The bureau was already monitoring CKNW, but since the shutdown, it is monitoring other radio and television stations.

The CP bureau staff consists of 14 editors working three shifts, plus three editors on Broadcast News and two editors in Victoria. Since the shutdown the Bureau has hired one more man.

Since the shutdown the Bureau is sending out less relatively unimportant news items and increasing its coverage of the B.C. Legislature. Normally, CP covers major news events, such as the stopover of the Queen en route to the South Pacific, the dismissal of Joe Crozier as general manager and coach of Vancouver Canucks hockey club, and the March 1 mid-air collision of an Air Canada



Viscount and light aircraft. Where news photographs appear desirable, CP staffers are taking their own pictures.

CP assigned a staffer to cover Opposition Leader Robert Stanfield's visit to Kamloops. Under normal circumstances it would have relied on the local paper, plus back-up coverage by the Sun and Province.

#### (d) Weekly Press

In normal circumstances, Greater Vancouver is also served by 17 weekly newspapers and the bi-weekly Richmond Review, as well as the underground newspaper, the Georgia Straight and the university press. Since the shutdown, all these publications are apparently benefitting by the absence of the Sun and the Province. It was not possible, during the limited time for research for this report to obtain information from each of these publications, but available information at least suggests that they are making more money as a result of increased circulation and advertising.

For example, the (North Vancouver) Citizen, with a circulation of 23,000, normally publishes 36 pages every Wednesday, selling at 15 cents per copy.

Since the disappearance of the two Vancouver dailies, the Citizen has expanded to 48 pages and has increased its circulation to 30,000. Laterally, the Citizen, in order to meet the tremendous demand for advertising space, is now publishing a 24-page issue on Friday, which it is distributing free of charge.

With the disappearance of the two papers—and the attendant unemployment of 1,100 employees of Pacific Press Limited—the Citizen entered into an arrangement with a group of idle classified advertising salesmen to produce a weekly Classified News which is distributed free-of-charge on local Vancouver news stands. It has a weekly press run of 150,000. Classified News consisted initially of 16 pages of classified ads, but, as of March 11, was being increased to 22 pages.

Classified News advertising rates are \$6.25 per column inch. (The classified rate in the Citizen is \$2.00 per column inch.)

In addition, the Citizen is publishing weekly flyers for Eaton's (16 pages, 300,000 press run) and the Bay (20 pages, 500,000 press run next edition). The department store flyers are in addition to the regular flyers printed by the Citizen for other chains, such as supermarkets.

To handle this increase business, the Citizen has added two more members to the staff of 10 on advertising, as well as two editorial staff members. The payroll of the printing shop has been doubled in the last month.

Prior to the shutdown, the Citizen published only North Vancouver news; now it is adding news of Greater Vancouver interest.

Adjoining the Citizen circulation area is the Lions Gate Times, serving West Vancouver. Prior to the shutdown the Times' circulation averaged 9,000-10,000. As of March 10, it had increased to 17,500.

Normally a publication of 18-22 pages, the Times has subsequently increased to 30 pages, primarily due to the influx of real estate and automobile advertising.

The Times has added staff to handle advertising and composing room requirements. It has found itself hard-pressed to handle the requests for public service and community notices.

The Courier, covering the Kerrisdale district of the city proper, has not increased in circulation (5,000 paid) but is apparently giving subscribers more for their money. It has increased its usual 16-page size to 24, 32 and 36 tabloid pages. The increase has been due primarily to real estate and national advertising. Advertising revenues generally have doubled.

The bi-monthly Vancouver East News, which had intended on going weekly in April, has advanced this schedule to accommodate the demand for advertising space. The News distributed free of charge to 18,000 residences and businesses in Vancouver East and North Burnaby prior to the shutdown of the Vancouver dailies, has since increased its number of broadsheet pages from 6 to 10. The volume of classified advertisements has tripled and it is now publishing full-page advertisements from retail stores.

A similar "throw-away" publication, the Highland Echo (circulation 5,600) serving the eastern Grandview area, has increased its size from 8 to 12 pages. Advertising revenues have increased 60 per cent.

The Burnaby Examiner, a 16-page tabloid prior to the shutdown, is now publishing 24-32 pages, and circulation has increased from 10,000 to 15,000.

On the other hand, the Coquitlam Herald whose circulation area is on the outer fringes of Vancouver, has experienced little demand for advertising. Circulation has increased by only 10 per cent.

The bi-weekly Richmond Review, with a pre-shutdown circulation of 14,000 has picked up comparatively few subscriptions (1,000), but it has increased in size from 18-20 pages to 24-32 pages, due primarily to the demand for classified advertising. In addition, the Review is carrying ads from retail department stores.

The Review has not altered its editorial content, publishing only community news.

The ethnic press is also experiencing a reaction from the dispute. The Jewish Western Bulletin, for example, with a circulation of 2,000, concentrates its editorial coverage primarily on local, national and international news of particular interest to the Jewish community. Yet, due to the demand from advertisers, particularly in real estate, the Bulletin has increased the number of tabloid pages from 12 to 16.

The underground press has also been affected by the absence of the Sun and Province. The Georgia Straight which, before the shutdown, had a press run of 11,000, increased its output to 22,000 for the first edition after the Sun and the Province ceased publication. This particular issue carried a lampoon of the Sun—a mock-up of the Sun front page, which bore the banner headline "Alcohol Crazed Oldster Leaps from Bridge". The circulation has since dropped to 16,000.

#### (e) The Vancouver Express

On February 16, the day following the decision by Pacific Press Limited to suspend publication of the Sun and the Province, employees met to consider the feasibility of producing an employee newspaper. It was agreed to proceed, and the first issue, a 12-page issue, with a press run of 103,000, was published the following Saturday, February 1.

The Express has subsequently appeared three times weekly, on Tuesday, Thursday and Saturday, being published by Pugstem Publications Limited. Pugstem (a name derived from initials of the unions involved in the dispute—Printing Pressmen's Union, American Newspaper Guild, Stereotypers' and Electrotypers' Union, International Typographical Union, and the Mailers Union) was originally incorporated two years ago during the last Vancouver newspaper dispute, and as the employees had a readily accessible legal vehicle through which to initiate the project. The newspaper, printed in two editions, and averaging 20 pages per issue, is printed by Broadway Printers.

It is distributed to news stands and to street news vendors, and sold for 15c per copy, with 5c being retained by the vendor, 4c by the news stand.

The Express is produced by employees of the Sun and the Province. They collect no salary. ANG members who form the editorial staff, on a rotating basis, receive from the union strike fund a basic \$35 a week for a single person and up to a maximum of \$65 per week for a married man with dependents.

Following publication of the March 10 issue the Express gave all Pacific Press employees a \$10.00 bonus.

Prior to the shutdown, employees of Pacific Press Limited were contributing an estimated \$200,000 a week through their payroll into the Vancouver economy.

The editorial offices of the Express are located in the West Broadway union strike headquarters, formerly the Vancouver Indian Centre.

The Express is charging advertisers \$5.00 a column inch for advertisements. It has no classified ad section, but advertisements which under normal circumstances in the usual daily newspaper would appear as classified, are appearing as small box ads. It demands cash for all advertisements.

Local and national advertisers which at first appeared reluctant to advertise in the Express for fear of being accused of taking sides in the industrial dispute (the Express stoutly maintains its neutrality in the issue), are now placing advertisements, including full-page ads, in the issue.

The Express attempts to give all-round news coverage through its own staffing, contributions from anonymous writers, and by re-writing regional, national and international news from other publications. The Express has approached The Canadian Press regarding interim service, and CP has indicated that such service would under Article 3, Section 7 of The CP By-laws require the permission of all CP members within a 50-mile radius of Vancouver as well as the Executive Committee. The Express would also be required to deposit with the co-operative agency \$6,000 as an expression of good faith.

Originally, it was intended that the Express would cease publication once the dispute was settled. However, since then there has been some discussion among those associated with the publication, and its supporters, on the possibility of the Express becoming a third

Vancouver daily newspaper. At the time of writing no decisions had apparently been reached.

(f) Television Guide

One interesting reaction to the newspaper shutdown has been felt by the Television Guide. The U.S.-controlled Guide is published regionally throughout Canada, and is circulated primarily in supermarkets and drugstores.

As is the case of all regional issues, the feature material is produced in the United States and shipped to the regions where it is combined with local television listings in one publication. TV Guide must compete with daily listings and weekly supplements published by local daily newspapers, such as the Sun and Province. Since the shutdown, while TV Guide has been relieved of its competition by the Vancouver daily newspapers, it has found new competition in local weeklies, department store flyers and television stations themselves.

Nevertheless, TV Guide which prior to the shutdown had a circulation in Greater Vancouver, the lower mainland and Vancouver Island of 153,000, has since increased its circulation to 256,000, an increase of 60%. On sales at 15c. per copy, this means that gross sales are up from \$22,950 per week to \$38,400 per week.

V. The People React

As part of this study the researcher undertook a casual, unstructured sampling of 125 citizens of Greater Vancouver in an effort to get some "feel" of the effect of the shutdown on the individual. Some 66 male and 59 female residents responded to the questionnaire and represented working professional men and women, housewives, retired persons and students. The survey is not presented as a definitive study of a carefully-selected and well-balanced cross-section of the community; rather, it is but a sampling of public opinion.

The results of the questionnaire:

Question 1	One	Both	None	Others
Prior to the newspaper shutdown did you subscribe to one or both of the Vancouver newspapers? .....	92	26	3	23
Question 2	Yes		No	
Since the shutdown began have you been receiving any other newspapers on a regular basis? .....	54		72	
(a) If yes, which one? .....				
	Vancouver Express ..... 31			
	Seattle Post-Intelligencer ..... 5			
	Seattle Times ..... 3			
	New Westminster Columbian ... 13			
	The Globe and Mail ..... 7			
	Victoria Times ..... 2			
	Richmond Review (bi-weekly) .. 8			
	Citizen (North Vancouver) ..... 7			
	Others (weeklies) ..... 9			

In some cases more than one paper was listed, Mr. Chairman.

Question 3	Yes	No	n.a.
Have you felt deprived of news and information during the shutdown? .....	79	33	13



Question 4

Which sections of the daily newspaper have you missed? .....

Front page general news .....	76
Editorial page .....	45
Sports .....	41
Comics .....	23
Theatre, entertainment .....	23
Advertising .....	23
Local news .....	22
Columnists .....	20
Women's .....	20
TV schedule .....	10
Vital statistics .....	8
Letters to the editor .....	7
Bridge .....	2
Horoscope .....	1
Crossword .....	1
None .....	11

Question 5

Have you felt deprived of advertising information during the shutdown? .....

Yes	No	n.a.
55	63	7

(a) If so, what particular advertising information do you miss? .....

Display .....	27
Classified .....	19
Theatre, entertainment .....	18

(b) If no, how best are you being served by advertising? .....

Flyers .....	25
TV, Radio .....	4
n.a. ....	96

Question 6

Since the shutdown began on which sources do you rely for news and information? .....

Radio .....	110
TV .....	104
Other (Includes out-of-town periodicals, telephone and word of mouth) .....	21

(a) Do you feel you are being adequately served by these alternate news and information sources? .....

Yes	No	n.a.
35	75	15

I should perhaps point out that of those who added comment, the majority agreed the news reports broadcast by radio and T.V. were too short in detail.

Question 7

Has the absence of the daily newspaper had any impact on your daily routine? ..

Household .....	44
Business .....	20
Leisure .....	57
No impact .....	32

Question 8

Would you be prepared to do without a local newspaper on a continuing basis? ..

Yes	No	Possibly	n.a.
37	72	10	6

It might be useful, here to again look at the summary report of the Bureau of Advertising, A.N.P.A. on the effects of the New York City newspaper strike for a summation of public reaction to the absence of the newspapers:

"At the start of the strike, the broadcast media appeared deceptively successful as substitutes for newspapers. More than nine out of ten thought the information they were getting from radio and TV was excellent or satisfactory. But as time went on, readers discovered that despite the expanded news coverage, the quality of news was not up to the newspaper standard, the information they were getting barely skimmed the surface, and that the newspaper's personal factors could never be transferred. At the end of the blackout more than two-thirds of those surveyed had become disenchanted with the broadcast media's coverage of news.

#### Public Reaction to TV and Radio News

	Start	Mid-Point	End
Excellent .....	83%	41%	16%
Satisfactory ...	11%	37%	16%
Poor .....	6%	22%	68%

"People missed the newspapers with varying degrees of intensity and for many reasons. Those who missed the papers most in the very first week of the shutdown intensified those feelings in the third month; those who missed them least re-inforced that indifference with the passage of time.

"Among the Newspaper Loyal (people who originally said they would give up radio and TV before newspapers) 87.5 per cent said they missed the papers "extremely" or a "good deal" in the first week of the strike, and 92.7 per cent of this group said they missed the papers "extremely" or a "good deal" in the third month.

"Those who came to prize the papers more as they were forced to do without them focused their interest most strongly on personalities, excitement, explanation, service and on the newspaper as a rewarding experience in itself. Almost nine out of ten people who said they would give up newspapers second, when asked to choose between newspapers, radio, and TV, felt that the substitute sources were inadequate.

"The influence of newspaper advertising and its importance beyond actual buying and selling was also dramatically revealed.

"Immediately or after two weeks of the strike, 62 per cent of shoppers missed the clothing ads; 45 per cent missed food advertisements. In the ninth week, 39 per cent missed advertising most. This was followed by local news, sports, editorials, financial news, obituaries, and crosswords in that order.

"A substantial proportion of respondents (28 per cent) said they had actually put off buying something because there were no newspaper ads to guide them, and among those who missed the papers more than they originally anticipated, as many as 40 per cent said they had postponed purchases because of lack of newspaper advertising.

"In the Spring issue of *Columbia Journalism Review*, April 1, 1963, Clayton Knowles and Richard P. Hunt, reporters on the *New York Times*, examined the effect of the blackout on public policy and the functions of government, and concluded as follows:

"...The strike showed how and why the press is part of the lifestream of a democratic society, dependent as it is upon a free and continuous exchange between government and the governed. The strike cost the publishers and their employees dearly, and business throughout the city was hurt. The economic price could be reckoned and paid, but the cost to the public welfare and the public policy was truly incalculable."

It would clearly be imprudent to attempt to apply the findings of the New York study to the situation in Vancouver today, even in the most general way. The New York study was carefully structured and based on detailed data collected over a number of weeks. Our study of the Vancouver situation was out of necessity much less thorough, and the community has been without its major daily newspapers for a relatively short time, compared to the nearly four months' absence in New York.

But even on the basis of our relatively subjective research, there is no doubt that the absence of the two major daily newspapers having a profound impact on the social and economic life of Greater Vancouver—

impact that is almost certain to become more onerous each day that the newspapers fail to appear.

**The Chairman:** Thank you very much, Mr. Gray. I think Senators I think we will perhaps turn to the questioning but before we do I think I should welcome to this session this morning, in particular, Senator Nichol who, of course, is from Vancouver. I hope that Senator Nichol will feel free to participate in the questioning. Indeed he may have other observations and comments and we may perhaps want to ask him some questions because I am sure he can throw some additional light on the situation.

Perhaps I could ask the first question, Mr. Gray. At page 14 and at page 37 you quote at length from the summary report of the Bureau of Advertising of the A.N.P.A. I am not a particularly cynical person but wouldn't you think that the Bureau of Advertising of the A.N.P.A. might possibly have a special interest in presenting that kind of a report which would reflect most favourably on the news?

**Mr. Walter Gray:** I would acknowledge the possibility of getting a more biased report from the Bureau of Advertising but I was, in the course of our research, looking for some comparative studies and this was the only one that was of recent vintage.

**The Chairman:** I recall an article, which I referred to in my original speech in the Senate proposing this committee, which I think was important; it was a wrap-up on the newspaper strike in Detroit and it contained many observations which ran counter to the ones in New York. However we are not here to talk about Detroit or New York—we want to talk about Vancouver.

**Senator Smith:** At this very point here, Mr. Chairman, I think it would be useful to point out that the quotation from the report made by the New York Advertising Bureau of the A.N.P.A. referred to information obtained from the National Retail Merchants' Association. Those who have copies before them will realize that this wasn't any information stretched with any prejudice but it was a report they got from another national association concerned with retail marketing and I think it perhaps is more relevant than it could otherwise be.

**The Chairman:** Yes, I take your point, Senator Smith. I wonder if the National

Association of Broadcasters would have written the same report? I am not quarrelling with either you or Mr. Gray because I think those are valid observations but I think we should be at least aware of the possibility of bias and I take your point and I am grateful to you for raising it.

**Senator Nichol:** Senator Davey, thank you for your kind words.

I would like to compliment Mr. Walter Gray because it is a very good report. I have been in Vancouver a great deal in the last month. I can't prove that it is accurate because I haven't done any research but it has very, very accurate feel to it and very accurate ring to it.

If I could refer to one thing in it on page 38, the figures you have given us to public reaction initially in Vancouver. I think that these figures which were taken in New York could be used for Vancouver. Initially people felt that they were going to get the news from radio and television and that they were going to read the out-of-town papers just when they felt like it. There was almost a feeling of relief that they weren't going to have to struggle through all this stuff but it very quickly changed.

Recently, I have heard a lot of comments from people saying we thought they are in the process of replacing the print media but the electronic media simply are not doing it. They don't put it in those terms but that is what they are saying. They didn't realize just how deep a part of their lives the daily newspapers were until they were withdrawn and it took them a while to realize it. So I wouldn't be surprised if this type of figure which is shown on page 38 were repeated in Vancouver.

I think it should be very encouraging to those people who are the print media who have been told over and over again that they are a dying race because I think what happened here proves that radio and television simply can't fill the gap.

Another thing, Mr. Gray said, I think, it certainly would be imprudent to attempt to apply the findings of New York to the situation in Vancouver even in the most general way. I would say that you are being overly prudent in making that reminder. I have been amazed myself having been there to find what a psychological and intellectual vacuum there is. I am not saying that just because Mr. Ian MacDonald is sitting over there.



**The Chairman:** I don't want to be the devil's advocate here. I am sure both you and Mr. Gray know a great deal more about this than I do but let me just make a point. On page 18—the referendum—32 per cent of the people turned out to vote. That is a higher percentage—well, it is approximately the same give or take a percentage point or two—but it is approximately the same percentage as the number of people who voted in the municipal elections in Toronto last December, (I think to people who read the Toronto papers will know) an election which received unprecedented pre-election day campaign build-up in all three Toronto papers. With that enormous build-up 32 per cent or 33 per cent of the people voted. Here is Vancouver without any newspapers with a municipal referendum with the same number of people voting. Now, doesn't that say something in the opposite direction?

**Mr. Gray:** Well, I would say from my own casual observations that I think a great deal of the success of the passage of the referendum was due to the organization that was out on the streets. For instance, on the Sunday in Stanley Park there was a band and a troupe of young workers armed with placards handing out leaflets on the referendum and to me this was an example of what a direct campaign could do and probably had some bearing on the outcome. If these people had not been organized and gone out on the streets and knocked on the doors what would have happened to the referendum? One could speculate that it may not have passed.

**Senator McElman:** A point that should be made there is that the 32 per cent has no relevance unless we know what the average turnout would be?

**The Chairman:** Well, perhaps Senator Nichol would know?

**Senator Nichol:** I don't know, Senator, and that is the point that I am making. I don't think we can compare the turnout in Toronto with the turnout in Vancouver. I don't know—maybe somebody else does—what the average turnout on a thing like this would be, I don't know. It seems low to me.

**The Chairman:** It seems low?

**Senator Nichol:** Yes.

**Senator Prowse:** I would say that on municipal votes that this is a fairly high turnout and if it was a special vote called for a

special purpose without having a mayoralty contest or anything, I think it would be a particularly high vote.

**Senator Nichol:** Well, I really don't know.

**The Chairman:** I would like to ask a supplementary political question. It may be unfair to put this one to Mr. Gray and if it is, you may answer it, Senator Nichol.

This Committee, to date at least, has not had a partisan view and I don't intend to introduce any partisan observations but I have received reports that the provincial government has during the absence of the daily papers in Vancouver put through some highly controversial legislation in this period.

Is that a fair observation?

**Senator Nichol:** I don't think so. I think that Government has put through quite a bit of highly controversial legislation.

**The Chairman:** Nothing special during this period though?

**Senator Nichol:** I don't think so particularly. That there are people who have opposed the Prime Minister of British Columbia over a period of time has been a fact, but although most of the dailies, year in and year out, have been against him, it hasn't made the slightest bit of difference as far as the voters are concerned.

**The Chairman:** I was thinking specifically of the Landlord and Tenant Act? Would that have gone through at this time anyway?

**Senator Nichol:** Yes, I think so. I don't think there is anything sinister to be drawn from this. Perhaps that wasn't your suggestion but I don't think there is anything sinister about this.

**The Chairman:** Well, I wasn't thinking of anything sinister.

**Senator Nichol:** The session was running and he put up what he had to put up and think a large majority of it went through. I think it would have gone through whether the papers were publishing or not.

**The Chairman:** Senator McElman?

**Senator McElman:** I think this item on page 18 is one of the significant parts of the report. Can we arrange to get some base figure of similar votes taken in different years?

**The Chairman:** I am sure we can.

**Senator McElman:** I think we should have that.

**Senator Prowse:** I am sure DBS would have that.

**The Chairman:** I am sure we can get that information.

**Senator McElman:** Another question I would like to put to Mr. Gray—he refers on page 32 to the application for CP services and the reasons that it hasn't become available. You referred to Article 3, Section 7 of the CP By-laws. Are these applicable by-laws only in the case of a shutdown?

**Mr. Gray:** No.

**Senator McElman:** They are not?

**Mr. Gray:** No. Any person or organization can apply for interim service.

**Senator McElman:** I see.

**Mr. Gray:** This is my understanding. I do not know the exact legal definition but the explanation I received from Canadian Press was that interim service was available to any legitimate organization that wished to apply for it.

**Senator Prowse:** Did you get any indication as to whether the members which I take it would be the two daily newspapers in particular were prepared to grant their approval or disapproval?

**Mr. Gray:** No.

**Senator Prowse:** So we don't know whether the CP service is going to be available or not yet?

**Mr. Gray:** No.

**The Chairman:** Has the *Express* considered going daily?

**Mr. Gray:** They were talking of it when I was there but they had made no decision.

**The Chairman:** I guess the closest daily newspaper to the scene is the *Columbian*?

**Mr. Gray:** Right.

**The Chairman:** And the *Columbian*, you said at page 21, has increased its press run from 30,000 to 45,000 and its pages from 22 to 40. I have two questions. One, is it circulating its paper in a different way—is it circulating its paper more broadly in the Vancouver city area. Secondly, could the *Columbian* sell

even more papers and more advertising and if so, why doesn't it?

**Mr. Gray:** The answer to the first question as I recall it from the publisher is no. They have confined their circulation to their circulation area. I am not clear on whether there is some legal requirement but you cannot buy the *Columbian* in downtown Vancouver.

**The Chairman:** Not even during the strike?

**Mr. Gray:** No.

**Senator Nichol:** I was going to ask Mr. Gray a question—it was my impression that the *Columbian* has been sold in the east end of Burnaby and Vancouver but I don't recall seeing a copy of the *Columbian* anywhere in the main part of Vancouver during the strike.

**Mr. Gray:** No.

**Senator Nichol:** On the news-stands where you would perhaps see the *Globe and Mail* and the *Seattle Post-Intelligencer* and these other papers.

**Senator Smith:** Could I ask why that situation exists?

**Mr. Gray:** I can't answer that specifically, Senator, but I would presume that it is either a policy decision on the part of the publisher or some requirement regarding circulation area. I can't answer that. It is probably, I would suggest, the decision of the publisher to confine his circulation.

**Senator Prowse:** You stay out of my backyard and I will stay out of yours?

**Mr. Gray:** Exactly. As I indicated, of course, *The Sun* and the *Province* are circulated in the *Columbian* circulation area and in some cases I assume they had a larger circulation along certain areas of New Westminster than the *Columbian*.

**Senator Smith:** The point I had in mind I might say was I was wondering whether there was any control over the news-stand sales of a paper like that because of the policy of the operators of the news-stand. We had some evidence that we don't get *Maclean's* on the top of a pile of magazines on our Canadian news-stands because that decision is made down in the United States.

**Mr. Gray:** Well, I just couldn't answer that.

**Senator Prowse:** The limitations—going from 30 to 45,000—my feeling would be that these papers would be printed on a press of limited size.

**The Chairman:** I was just going to suggest that, Senator—a physical capacity.

**Senator Prowse:** Yes, a physical capacity.

**Mr. Gray:** Well, that is the main reason or main factor in all these operations. They would love to be able to do more but they just have not got the physical capacity.

**Senator Prowse:** Their presses would be limited size presses?

**Mr. Gray:** Yess. The *Express* for instance, it is my understanding that it is printed at two different presses for two different printing houses simply because the one commercial printer hadn't the capacity to do the whole job.

**Senator Nichol:** May I ask Mr. Gray another question?

**The Chairman:** Certainly.

**Senator Nichol:** Putting aside the details in the report for the moment the question that is on my mind and maybe you can answer or comment on is this. A place like Vancouver and I suppose the same could be said of Toronto, or any large city, or growing megalopolis—I had a feeling that it is held together to a large extent by the daily press. And I have had the feeling in Vancouver in the last month because people are reading the Seattle papers and the Toronto papers and Victoria papers and weeklies that the sense of this megalopolis—the psychological sense—begins to deteriorate very quickly and people become very suburban in their thinking. The structure seems to break down.

Now, that is my impression and I wonder if you have thought about that?

**Mr. Gray:** Well, by this unstructured questionnaire and from my own conversation and observations I was struck by the fact that the other media, TV and radio, in their effort to provide news, seemed to be giving overwhelming amount of local news whereas the people I talked to and who answered the questionnaires indicated that they were really more interested in knowing what was going on in the outside world. There were some exceptions, of course, but there was a sense of frustration of not knowing what was going on—not only what was going on around you in your own community but what was going on outside the world despite the increased efforts of the two media to provide them with this information.

From my own experience it was so difficult to retain the information that you received.

**The Chairman:** Does that contribute to the point that Senator Nichol was making?

**Senator Nichol:** I feel that whatever structure there is is sort of disintegrating a little bit. Nobody quite knows what is going on.

**The Chairman:** The *Georgia Straight* doesn't do it for you?

**Senator Nichol:** It does it for me! The comment I heard all the time is "I used to like to take the paper home and read it when I felt like it but instead of that I have to remember to turn the radio on or I have to sit up till 1 o'clock to watch the news". I heard this all the time when I was there.

**The Chairman:** What kind of job do you think the electronic media has done?

**Senator Nichol:** No, this is the point. I think they have done a terrific job. I was putting on a series of small seminars on environment at a cathedral downtown at noon. We had a series of good speakers for five weeks and we just ran right out of gas because we had no newspapers to bring the people into the thing. But the radio stations were very helpful to us without any charge. They put announcements on five or six times a day trying to get the people in. I think the radio and television stations have done a tremendous job and not only in the sense of their own economic well-being either.

I think they really have moved in but that doesn't alter the fact that there is a big vacuum. There is a noticeable vacuum and I think the same would be true the other way. I think if you shut down the radio and television stations you would find that there was a pretty big vacuum as well. They are not doing the same job which is my suggestion.

**The Chairman:** One statistic in your survey—and I quite appreciate that it was a casual study and the inhibitions which you have expressed and so on—but I was interested in question 6 on this very point that people apparently think...

**Senator Nichol:** What page?

**The Chairman:** At page 36 just near the bottom. This would indicate that people think that radio is doing a better job than television on the news.



**Mr. Gray:** Well, I wouldn't stand by that statement.

**The Chairman:** Well, would you stand by the statement if I told you that every survey of this kind that I have ever seen says that they will go to radio before they would go to television. That is a question which has been asked hypothetically and it has been asked in all kinds of situations...

**Senator Prowse:** Print news.

**The Chairman:** Yes, print news, but people in most surveys, and I think you could find many say that they would go to radio ahead of television. Now, this tends to—and I agree that you wouldn't stand by it—but it tends to confirm that.

**Senator Prowse:** Well, I am a little reluctant to draw a conclusion as to what people actually feel comparatively to which medium they would rather get it from. I think the situation is this. You ask me where I get the news and I would tell you that I turn on the 8 o'clock radio in the morning and then when I am driving my car I get the news broadcasts from the car, and if I happen to be home between 6 and 7, which I seldom am, then I watch the TV news then but I usually try to catch the late TV news. The one supplies me with my running keep-up on the news and the other gives me wrap-ups to go to bed with at night and then in the day I grab a newspaper from time to time.

**The Chairman:** Gives you what?

**Senator Prowse:** Gives you a wrap-up on the news so you can go to bed knowing what's going on in the world, that's all.

**The Chairman:** I think Mr. Spears that you had a question?

**Senator Prowse:** I don't wrap-up the tube!

**Mr. Borden Spears:** Well, I had sort of a double-barrelled question but to some extent Senator Nichol has already dealt with it but I would like to hear what Mr. Gray has to say. As I say, this question is really in two parts about the quantity and the quality of the electronic media. You have dealt with it to some extent in your report, Mr. Gray, but overall is it your impression that the radio stations and TV stations have greatly expanded the amount of news coverage?

**Mr. Gray:** Undoubtedly.

**Mr. Spears:** Greatly extended it?

**Mr. Gray:** Undoubtedly.

**Mr. Spears:** So then the second part of my question arises from what Allan Fotheringham said in a CBC broadcast a week or so ago about the attempt to fill the gap by radio and television. He said that to him, it exposed the weakness, particularly of the radio stations covering the news because it became apparent that what they were doing was ripping and reading.

**Mr. Gray:** Was what?

**Mr. Spears:** That what the radio stations were doing, was giving the people a great deal more of the wire foreign news and international news because the radio stations were simply incapable of covering the local scene and exposed the fact that the radio stations had been leaning on the newspapers for their local coverage.

Now, you must have been listening and watching while you were there. Do you say that that is a fair assumption?

**Mr. Gray:** I would say that was true but I would also suggest that one way in which they have expanded, and it was admitted to me by one or two of the station operators, was that what they were doing is simply reading a second or third paragraph of a story that normally they may read only the first paragraph. This is how they have expanded. They are just providing a little more detail than normal, but again relying heavily on the wire services.

**Mr. Spears:** Just to re-inforce what you are saying, and I realize I am asking for a very subjective answer, but from your own viewing and listening would you say that the comprehensiveness of local news coverage on radio and television is considerably less or noticeably less than that provided by the newspapers?

**Mr. Gray:** I would say considerably less. I am sorry I am going to retract that, Mr. Spears, because not seeing the situation before I was out there it is hard for me to compare. I would say that from my experience as a journalist that you get a much broader picture of community news through the newspaper and that you get that greater detail and extra bit of information that is not normally provided by the radio and television stations.

**The Chairman:** Well, you have made the point of not being out there but Senator

Nichol being there all the time I think he could comment on that.

**Senator Nichol:** I think what you are really talking about here is a mathematical problem, and it is the amount of material that is in a newspaper. No matter how fast you speak, you simply can't put it all in on radio or T.V. So we are not really criticizing the techniques that are used in the print or electronic media because the fact is you simply cannot take a newspaper and read all night. You can cover it. People are selective and they like to have their newspaper at home so they can read what they want to read, read it again the next day and so it goes. They are just different things, and I think it is difficult really to answer it.

**The Chairman:** Does that answer your question, Mr. Spears?

**Mr. Spears:** Except that you have one station doing 12 hours a day reporting on news and so on...

**Senator Nichol:** Twelve hours a day?

**Mr. Spears:** You could cover a lot of news in 12 hours a day.

**The Chairman:** According to Mr. Gray's report...

**Mr. Gray:** CKVN—news and talk.

**Senator Nichol:** Oh, talk?

**The Chairman:** Yes.

**Senator Nichol:** Well, that is different. Who is that, Pat Burns?

**Mr. Gray:** No, no. That was CKVN. Pat Burns is CJOR. May I just interject, Mr. Spears, I did note on page 17 that CHAN had this regular in-depth feature as a nightly feature and they have cut back on its size to introduce more items of community news in their daily reports. This is an example of how the news coverage is being expanded.

**The Chairman:** Senator McElman?

**Senator McElman:** I would just like to go back to page 32 again, Mr. Chairman. We have had conflicting testimony before this Committee on several instances where applicants for CP wire service had run into obstacles that prevented them from getting it. We have had counter-testimony from CP that nobody has ever been turned down...

**The Chairman:** Excuse me, Senator McElman, but a couple of the people at the back have asked me to ask you to speak a little more loudly.

**Senator McElman:** We have had contra-evidence from CP that nobody has ever been turned down. Could we arrange to keep abreast of this situation both with CP and with the *Express* so that we know at the end of it—just exactly what took place?

**The Chairman:** A good suggestion.

**Senator McElman:** And going back to this discussion that we have just been having, I think Mr. Gray's paper, and a piece in this morning's *Globe and Mail* by Douglas Sagi, who is a reporter from Vancouver apparently, points out that the advertisers—mind you it would be selective advertisers, not the food chains and so on—but they went very quickly to radio and television and hit capacity—that is the time allowable by CRTC regulations—that they hit capacity and saturated it. Then they spilled over into weeklies and printed flyers and all that sort of thing. Both Lovick and O'Brien, the two principal advertising agencies on the coast claim to have higher billings during February—since the slow down—and this perhaps would reflect the higher rate in radio and television. They also point out that when you are using a dozen weeklies to reach the same audience that you do with dailies, the rate gets up beyond what you have been paying.

I do think, and Mr. Gray you can correct me if I am wrong, that it does indicate that the flow of advertising went very quickly to radio and television?

**Mr. Gray:** That is so.

**Senator McElman:** To an immediate saturation, is that correct?

**Mr. Gray:** Yes, that apparently took place.

**The Chairman:** You mentioned Lovick and O'Brien and maybe we should remind ourselves that they would be placing national advertising primarily. Most of the local advertising is placed directly which doesn't do anything to your point, but it is just something that we should have on the record.

**Mr. Gray:** Yes, I did not go into that. I didn't go into any details on the question of advertising but did talk to one or two firms there and this has certainly affected their national advertising campaigns. They have



had to re-direct advertising, as you indicated, into other areas.

The weeklies, for instance, are getting a much greater percentage of national advertising than they would have previously and I believe one firm indicated that they had to hold back, or they are holding back, on national advertising programmes until the dispute is settled.

**The Chairman:** The point I am making is that the overwhelming majority of national advertising appearing in the media in Vancouver is placed out of Toronto. Conversely the majority of advertising which is being placed by these Vancouver advertising agencies is being placed in other parts of Canada because it is national advertising, and by and large what we have been talking about in the paper is the flow of local advertising.

**Senator Prowse:** I am interested—on page 26 you refer to the fact that the *North Vancouver Citizen* is now publishing what I take is a newly developed thing, *Classified News* with a circulation of 150,000.

Now, there is that, then you also refer to the fact—it doesn't matter where—but you refer to the fact that the big department stores are going to flyers. I am wondering if a thing like *Classified News*—a thing that just carries the classified ads, that if this goes on for any length of time I am wondering if there is a possibility this would become a permanent institution that might very severely cut into the classified section of the papers?

Is this thing being successful?

**Mr. Gray:** Well, it certainly is available.

**The Chairman:** It sounds it.

**Mr. Gray:** It certainly is available around the city and it is providing employment for the classified advertising salesmen who were thrown out of work, but as to the continuing success of it I wouldn't like to speculate.

I don't know—it would require a major decision on the part of the *Citizen* as to whether they want to. They are really up-tight now in terms of a physical plant. Do they want to go ahead and maintain this increased staff they have and all the attendant overheads as well—I would think that they wouldn't.

**Senator Nichol:** I would think that it would be very uneconomical. You have additional distribution costs and the regular papers would be doing it anyway and putting the papers in

the houses and I think it would last about 30 minutes after the strike was settled.

**Senator Prowse:** Well, that is something I was wondering about. The other thing is about flyers. We had a strike in Edmonton, back in 1947 or '48, and during that time the department stores started to get flyers out because the papers were putting out a very limited paper during the period and it took quite a long time. I am not sure that they ever did completely get back the flyer business. They may have it now but it was a matter of years. Once it got off on its own they set up their own organization to handle it. Did you hear any discussion about that possibility?

**Mr. Gray:** No, I just heard the other side. The poor housewife was being seiged with these things.

**Senator Prowse:** They get annoyed because they are getting so many?

**Mr. Gray:** They get annoyed and it is not a very reliable form of distribution either because they have hired a great deal of casual labour or workers to distribute this. Some housewives I talked to weren't getting any in their districts. One assumes that they are publishing these things in the hundreds of thousands but how many of them are thrown into the ditch or into the wastepaper basket without ever being distributed.

**Senator Prowse:** Or just dumped in a corridor.

**Mr. Gray:** Yes. There is really no control of them. I don't think the department stores would like to rely on this form.

**The Chairman:** I wonder if you know perhaps, Senator Nichol knows, if I am not mistaken there is a regional edition—a regional Lower Mainland, perhaps even a Vancouver edition of *Time Magazine*. Has *Time* done anything in the area of increasing its coverage of Canadian news in the Vancouver market?

**Mr. Gray:** Well, they are just now starting to publish that regional edition of *Time*.

**The Chairman:** You mean "printed"?

**Mr. Gray:** Yes, it is being printed in Vancouver but I see no evidence of any extra Canadian news.

**The Chairman:** But as I understand it the local advertiser in Vancouver could buy the



Vancouver market only. I am wondering if they have done anything in the news area?

**Senator Nichol:** I have no idea but my guess, and it would be just a guess, is that the answer would be "no" because it is a national news magazine and I don't think they are intending...

**The Chairman:** Well, the point of my question is not to whether or not they give more news on what is happening in Vancouver but do they give more news on what is happening in Canada?

**Senator Nichol:** I have no idea.

**Mr. Gray:** You just have to count the pages and they just have the usual four pages in this week's issue.

**The Chairman:** Are there other questions the Senators may have?

**Senator McElman:** I was wondering in particular with respect to radio advertising where the saturation was quickly reached within the confines of CRTC regulations. We have heard so much about the radio time other than advertising being filled so much with music and so on. Do you know if there have been any applications to the CRTC to relax its ratio of advertising to total time in this special situation to provide advertiser service. Do you know if there has been such an application?

**Mr. Gray:** To the best of my knowledge no, there was no reference made to any kind of application by the owners of the stations that I have talked to.

**The Chairman:** There will probably be one this afternoon when they hear of your suggestion.

**Mr. Gray:** Well, I was interested to note for instance that KVOS is restricted to only 10 minutes of advertising as opposed to 12 in Canada.

**The Chairman:** Are there other questions the Senators have? If not, I don't want to prolong the session. If there are no other questions then perhaps I may say on behalf of the Committee I could first of all thank Senator Nichol for coming and giving us the benefits of his comments and advice.

Mr. Gray, we are grateful to you and if I may say, at page 10 your phrase "a veritable plague of flyers thumping against the doorsteps of Greater Vancouver" is what I would describe as vintage Walter Gray.

**Mr. Gray:** Well, I am glad to know I haven't lost my touch.

**The Chairman:** It may be that the Committee will want to take a subsequent look at this situation and perhaps if the dispute is prolonged perhaps again later on or as you have suggested to me privately in writing, it might be useful to conduct some sort of a study immediately following the end of the dispute.

If I may, Senators, just very briefly and then we will adjourn, put before you the schedule for next week.

There will be an in-camera session at 10 a.m. on Tuesday at 140 Wellington Street. The first public session is at 2.30 on Tuesday afternoon with Selkirk Holdings Limited and at 4 o'clock on Tuesday afternoon, Moffat Broadcasting Limited. At 8 o'clock on Tuesday night, Mr. Ben Bagdikian who is presently a special writer with the Washington Post. He is generally regarded as the best known writer and critic of the press in the United States. He is a very frequent contributor on press subjects, as you may know, to Harper's, the *Columbia Journalism Review*. He has been active in establishing community press councils in a number of American cities. He has held several university teaching posts and has held editorial positions for example at the *Saturday Evening Post*. Mr. Bagdikian is the witness on Tuesday night at 8 o'clock.

And then on Wednesday, March the 25th, the final session of the Committee before the Easter break at 10 a.m. we have CFPL Broadcasting from London. At 11.15 CHSJ Broadcasting from Saint John, New Brunswick. And then the final session at 2.30 in the afternoon, March the 25th, the witness will be Mr. Pierre Berton.

This session is adjourned. Thank you.

The Committee adjourned to Tuesday March 24, 1970, at 2.30 p.m.













Second Session—Twenty-eighth Parliament

1969-70

# THE SENATE OF CANADA

## PROCEEDINGS

### OF THE

### SPECIAL SENATE COMMITTEE

### ON

# MASS MEDIA

The Honourable KEITH DAVEY, *Chairman*

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No. 35

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TUESDAY, MARCH 24, 1970

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#### WITNESSES:

*Selkirk Holdings Limited*: Mr. J. Stuart MacKay, President; Mr. Frank Nash, Vice-President, Finance; Mr. Norm Botterill, Vice-President, Station Operations; Mr. W. A. Speers, Vice-President; Mr. Ross A. McCreath, Vice-President and General Manager, *All-Canada Radio and Television Limited*; Mr. William M. Hutton, News Director, *CKWX Radio Limited*, Vancouver.

*Moffat Broadcasting Limited*: Mr. Randall L. Moffat, President; Mr. James M. Pryor, Chairman of the Board; Mr. J. R. Mitchell, Executive Vice-President; Mr. Don Hamilton, Vice-President; Mr. Paul Ackehurst, Reporter, *Canadian Contemporary News Service*.

*Mr. Ben Bagdikian*, *National Editor, The Washington Post*.



MEMBERS OF THE  
SPECIAL SENATE COMMITTEE ON MASS MEDIA

The Honourable Keith Davey, *Chairman*

The Honourable L. P. Beaubien, *Deputy Chairman*

Beaubien  
Bourque  
Davey  
Everett  
Hays  
Kinnear  
Macdonald (*Cape Breton*)

McElman  
Petten  
Phillips (*Prince*)  
Prowse  
Quart  
Smith  
Sparrow  
Welch

(15 Members)

Quorum 5

## ORDERS OF REFERENCE

Extract from the Minutes of the Proceedings of the Senate, Wednesday, October 29th, 1969.

With leave of the Senate,

The Honourable Senator Davey moved, seconded by the Honourable Senator Lang:

That a Special Committee of the Senate be appointed to consider and report upon the ownership and control of the major means of mass public communication in Canada, in particular, and without restricting the generality of the foregoing, to examine and report upon the extent and nature of their impact and influence on the Canadian public, to be known as the Special Committee of the Senate on Mass Media;

That the Committee have power to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of the inquiry;

That the Committee have power to send for persons, papers and records, to examine witnesses, to report from time to time and to print such papers and evidence from day to day as may be ordered by the Committee;

That the Committee have power to sit during adjournments of the Senate and that Rule 76(4) be suspended in relation to this Special Committee from 9th to 18th December, 1969, both inclusive, and the Committee have power to sit during sittings of the Senate for that period;

That the papers and evidence received and taken on the subject in the preceding session be referred to the Committee; and

That the Committee be composed of the Honourable Senators Beau-bien, Davey, Everett, Giguère, Hays, Irvine, Langlois, Macdonald (*Cape Breton*), McElman, Petten, Prowse, Sparrow, Urquhart, White and Willis.

After debate, and—

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Thursday, November 6th, 1969.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Smith:

That the names of the Honourable Senators Giguère and Urquhart be removed from the list of Senators serving on the Special Committee of the Senate on Mass Media; and

That the names of the Honourable Senators Bourque, Smith and Welch be added to the list of Senators serving on the said Special Committee.

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Thursday, December 18th, 1969.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Smith:

That Rule 76(4) be suspended in relation to the Special Committee of the Senate on Mass Media from 20th to 30th January, 1970, and that the Committee have power to sit during sittings of the Senate for that period.

After debate, and—

The question being put on the motion, it was—  
Resolved in the affirmative, on division.

Extract from the Minutes of the Proceedings of the Senate, Friday, December 19th, 1969.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Langlois:

That the names of the Honourable Senators Bélisle and Phillips (*Prince*) be substituted for those of the Honourable Senators Welch and White on the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Tuesday, February 3, 1970.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Langlois:

That Rule 76 (4) be suspended in relation to the Special Committee of the Senate on Mass Media from 10th to 19th February, 1970, both inclusive, and that the Committee have power to sit during sittings of the Senate for that period.

After debate, and—

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Thursday, February 5, 1970.

With leave of the Senate,



The Honourable Senator McDonald moved, seconded by the Honourable Senator Haig:

That the names of the Honourable Senators Quart and Welch be substituted for those of the Honourable Senators Bélisle and Willis on the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Tuesday, February 17, 1970.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Connolly (*Halifax North*):

That the names of the Honourable Senator Kinnear be added to the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Tuesday, March 3, 1970.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Denis, P.C.:

That the name of the Honourable Senator Langlois be removed from the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Tuesday, March 3, 1970.

With the leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Denis, P.C.:

That Rule 76 (4) be suspended in relation to the Special Committee of the Senate on Mass Media from 4th to 13th March, 1970, both inclusive, and that the Committee have power to sit during sittings of the Senate for that period.

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Thursday, March 19, 1970.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Smith:

That Rule 76 (4) be suspended in relation to the Special Committee of the Senate on Mass Media on 24th and 25th March, 1970, and from 14th to 23rd April, 1970, both inclusive, and that the Committee have power to sit during sittings of the Senate for that period.

After debate, and—

The question being put on the motion, it was—

Resolved in the affirmative.

ROBERT FORTIER,  
*Clerk of the Senate.*

## MINUTES OF PROCEEDINGS

TUESDAY, March 24, 1970.  
(35)

Pursuant to adjournment and notice the Special Senate Committee on Mass Media met this day at 2.30 p.m.

*Present:* The Honourable Senators: Davey, (*Chairman*); Beaubien, Kin-  
near, McElman, Petten, Quart and Sparrow. (7)

*In attendance:* Miss Marianne Barrie, Director and Administrator; Mr.  
Borden Spears, Executive Consultant; Mr. Yves Fortier, Counsel.

The following witnesses were heard:

- Mr. J. Stuart MacKay, President, Selkirk Holdings Limited;
- Mr. Frank Nash, Vice-President, Finance, Selkirk Holdings Limited;
- Mr. Norm Botterill, Vice-President, Station Operations, Selkirk Holdings Limited;
- Mr. Ross A. McCreath, Vice-President and General Manager, All-Canada Radio and Television Limited;
- Mr. W. A. Speers, Vice-President, Selkirk Holdings Limited;
- Mr. William M. Hutton, News Director, CKWX Radio Limited, Vancouver;
- Mr. Randall L. Moffat, President, Moffat Broadcasting Limited;
- Mr. James M. Pryor, Chairman of the Board, Moffat Broadcasting Limited;
- Mr. J. R. Mitchell, Executive Vice-President, Moffat Broadcasting Limited;
- Mr. Don Hamilton, Vice-President, Moffat Broadcasting Limited; Manager, CKLG and CKLG-FM, Vancouver;
- Mr. Paul Ackehurst, Reporter, Canadian Contemporary News Service.

The following witnesses were present but not heard:

- David F. Penn, Vice-President and General Manager, CHCT-TV, Calgary Television Limited;
- Mr. Vic Reed, General Manager, Community Antenna Television, Selkirk Holdings Limited.

At 5.55 p.m. the Committee adjourned to 8.00 p.m.

At 8.10 p.m. the Committee resumed.

*Present:* The Honourable Senators: Davey, (*Chairman*); Beaubien, McElman, Petten and Sparrow. (5)

*In attendance:* Miss Marianne Barrie, Director and Administrator; Mr. Borden Spears, Executive Consultant; Miss Nicola Kendall, Research Director; Mr. Yves Fortier, Counsel.

The following witness was heard:



Mr. Ben Bagdikian, National Editor, The Washington Post.

At 9.50 p.m. the Committee adjourned to Wednesday, March 25, 1970, at 10.00 a.m.

*ATTEST:*

Denis Bouffard,  
*Clerk of the Committee.*

## SPECIAL SENATE COMMITTEE ON MASS MEDIA

### EVIDENCE

Ottawa, Tuesday, March 24, 1970.

The Special Senate Committee on Mass Media met this day at 2.30 p.m.

**Senator Keith Davey** (*Chairman*) in the Chair.

**The Chairman:** Honourable senators, if I may call the session to order. Before we turn to the brief from Selkirk Holdings Limited, I have a short statement to read.

"The Senate Committee on Mass Media has no intention of entering into a controversy with the Canadian Association of Broadcasters. Honourable senators will recall the Canadian Association of Broadcasting presentation of Friday, March 13. The committee was, and remains, interested in any expression of views from this important organization.

It might therefore be well to have on our record the following press release which is self-explanatory and which was issued by the Canadian Association of Broadcasters last Friday. The Canadian Association of Broadcasters, March 20, 1970. Commissioner Nicholas Johnson appeared on Tuesday, March 17, before our Senate Committee on Mass Media. Although an invitation to do so was issued by that committee, we will take up with it the desirability of inviting non-Canadian witnesses. At the risk of creating international ill-feeling, we nonetheless find it incredible that Commissioner Johnson did not confine his remarks to matters lying wholly within his jurisdiction, but became involved in Canadian conditions of a controversial nature thereby necessarily taking a stand on one side of issues current in this country.

We take no exception to Commissioner Johnson expressing on a Canadian platform his opinions about American broadcasting, however denigrating these might be. However, we think it is rude and offensive when he uses that platform to take a partisan stance on Canadian broadcasting concerning which he cannot have and does not have any inside knowledge. This caused unnecessary and avoidable damage to Canadian-U.S. rela-

tions and it is offensive to a substantial body of opinions in this country. We wish to formally register a protest at the course of action taken and suggest when high officers of the U.S. government are invited to appear before public bodies in this country they refrain from becoming involved in purely Canadian issues. The Canadian Association of Broadcasters also finds it disturbing that a Canadian body of public inquiry finds it necessary to provide a forum for witnesses from the United States when dealing with totally Canadian matters. Moreover, the views of Commissioner Johnson were predictable because of his long record of hostility to the media generally and broadcasting particularly in the U.S.

We hope that the committee will give consideration to the matter of fairness and balance and therefore accept evidence from an American who is neutral."

That is the end of the press release and I simply would like to add these observations.

In fairness, it might be useful to point out that Commissioner Johnson in his testimony before our committee, clearly indicated that as an American, he was really in no position to pass judgment on broadcasting in Canada.

His views were of sufficient interest to the CAB's member network, the Canadian Television Network—CTV—that they devoted nearly ten minutes of Sunday night's prime time "W5" program to an interview which was filmed with Commissioner Johnson when he was in Ottawa.

While we respect the CAB's concern about Canadian problems, it should also be noted for the record that two of the three major speakers at the 1969 annual meeting were from the United States, the other was from Britain. The key note speaker at the 1970 CAB annual meeting (which was recently postponed) was to have been Julian Goodman, the President of NBC, New York.

Perhaps I might also refer to the CBC television program, "Weekend", which this past Sunday evening carried an interview between Doug Collins, and Vancouver free-

lance broadcaster, Jack Webster. Mr. Webster said that in spite of repeated efforts, he had been unable to talk to me. For the record, I was interviewed by Mr. Webster on CKNW Vancouver for about ten minutes last Thursday morning—more than 72 hours prior to the time the Sunday night interview appeared—but obviously after it was filmed.

The Committee's interest in the continuing loss of newspaper service in Vancouver is a matter of record.

Having said those things, Mr. President, we turn to the brief we are receiving this afternoon from Selkirk Holdings Limited. Seated with me and indeed beside me on my immediate right is Mr. J Stuart MacKay who is the President of Selkirk Holdings Limited. Mr. MacKay has brought with him a number of members of the Selkirk Holdings Limited organization and rather than attempt to introduce all of these people, I am going to ask you to do that.

Perhaps before I do, Mr. MacKay, I should say that the brief we requested was forwarded to the committee in compliance with our guidelines more than three weeks in advance. It has been circulated to the senators and presumably it has been read and studied by them.

We now turn to you for about 15 minutes of oral comment. You can expand upon the brief, explain it, amplify it, take away from it, or add other points. Following that the Senators would like to question you on the contents of your brief on the oral statement, and indeed on other matters which may not be touched upon in either your oral statement or your brief. When we come to that point in the hearings—and you have been here before so you will know this—if there are any questions you wish to refer to any of your colleagues, please do.

Welcome, and it might be a useful beginning if you would introduce your team.

**Mr. J. Stuart MacKay, President, Selkirk Holdings Limited:** Thank you very much, Mr. Chairman. This is an informal meeting, as some told me, and I would just like to say "hear, hear" to your comments about Mr. Johnson. I am not an advocate for Ed Sullivan, but anyone, who has any knowledge of the Ed Sullivan program, knows that perhaps he has done more than any other single American entrepreneur in exposing Canadian talent, not only to Canadians through the program which we carry, but also to citizens in the United States.

Perhaps I should first introduce my team, as we say. On my immediate right is Mr. Norman Botterill, Vice-President of Selkirk Holdings Limited. On the chairman's left is Mr. Frank Nash, Vice-President, Finance, of Selkirk Holdings Limited. Mr. Bill Hutton, who is the News Director for radio station CKWX in Vancouver. On Mr. Botterill's right is Mr. Ross McCreath who is Vice-President of Selkirk Holdings Limited and the General Manager of All-Canada Radio and Television Limited, one of our companies—Mr. Victor Reed who is the director of our cablevision activities, Mr. David Penn, who is President of Channel 2, CHCT-TV, Calgary. Mr. Bill Spears a Vice-President of Selkirk Holdings Limited.

They are here because in many respects Selkirk provides the blood and they provide the brains. If we get into some real questioning I am quite sure they will be able to come up with some real answers.

Let me say at the outset that as owners and operators of a variety of radio and television stations and cable vision companies, we have a very real interest in being here today—to try to be of any help we can in assessing the roles of private and public broadcasting, and where it fits into the total communications structure of our country.

I believe Selkirk Holdings Limited reflects as well as any company the story of the growth of broadcasting in Canada—starting from small beginnings that can be traced back to about 50 years when broadcasting first commenced in Canada, and indeed in the world.

Our submission to you, I hope, captures some of the basic philosophy, and something of our role as entrepreneurs in the continuing expansion of our industry, keeping pace with technological developments and general growth of our nation.

We think of ourselves as being something in the order of pioneers—and this is particularly true today—for no sooner do we develop some skills in radio, and then in television when cablevision arrives on the scene with its particular set of challenges, to be followed very shortly thereafter by educational television and then by satellite transmission—each concerned with questions of ownership financial capability, Canadian content, and the resources of manpower and all dealing in the final analysis, with the structure and the means of best serving the interests of the



only the public and private sector of broadcasting, but our country.

In examining the role of a broadcaster today: he has to live in the very real world of the present, but at the same time, in light of the "nature of the rapid technological growth" that is so much a part of electronic communications. An increasingly important part of his life is spent living in the future.

I realize that the Committee will undoubtedly have questions to put to me and my associates regarding Canadian content and ownership—and that is certainly the present. However, with the permission of the committee, I wonder if I might touch a little on the future—for it occurs to me that some of the points of interest might answer some of the questions that you have in mind.

By 1980, broadcasting in Canada will, to many of us, represent something more of a scene written by George Orwell, than perhaps broadcasting as we know it today. Prediction is still an imprecise science, however, the present state of our technology signals dramatic developments in the way we will live, in the way we work, and the way we spend our leisure time ten years from now.

Here are some possibilities:

1. Communication teamed with the computer could become the number one employer of the people in our country.
2. By 1980 we may have as many as six or seven, publicly subsidized radio and television systems serving Canada.
3. By 1980 every television household will have at least one colour set.
4. Viewers will have the opportunity to tape programs directly off the air.
5. We forecast that within the next ten years more capital could be expended in electronic communication than has been spent since the broadcasting industry came into being some 50 years ago.
6. As a result of satellite transmission, news presentations will be available of a completely global nature.

Before the opportunities of the seventies can be attained however, changes will undoubtedly have to be made in the Broadcasting Act, changes that may affect the rules under which the CRTC operates, and the roles of both the private and public sector.

In such a period we must avoid becoming enmeshed in the tyranny of the small decision to the detriment of neglecting the broader

issues affecting Canada. Here, I refer not only to such matters as multi-ownership, the economics of modern communications and Canadian content, but to questions of pollution, education, politics, the family, our environment and Canada's relationship with the United States—these are some of the issues, I suggest, the answers to which could bring about changes in the present methods of conducting the business of broadcasting.

Of recent date and particularly over the past two or three years, there has been a fair amount of criticism levelled at not only the private but the public sector of our broadcasting system. The Canadian Radio-Television Commission's role is becoming increasingly complex with the expansion of both the public and private sector, the introduction of cable and soon to be revealed educational television and satellite communication. As Chairman Juneau has suggested, the Commission is empowered to operate within the framework or terms of the present Broadcasting Act.

The Senate committee, however, does not have to confine itself to such terms and, as a result, I feel it has an opportunity to make a major contribution—one which could benefit both the Canadian public and our broadcasting system.

Another area of importance, we believe, concerns the taking of a leadership role by the Government in the matter of maintaining public encouragement of our broadcasting media. As a member of the broadcasting industry and the employee of a public company, the subject of public confidence in Canada's electronic media continues as a matter of prime concern as it represents a key to the present and the future growth of Canada's communications contracts. I realize that the public and private sectors must earn such public confidence and this is particularly so in the case of public companies. With the substantial capital commitments to be made just ahead, the need to encourage the full use of the resources of the private sector in order to keep pace with the future development of our industry.

During the seventies, it will become increasingly important that private enterprise maintain its place beside that of the public sector in terms of investment, expansion and capability. Should this not be the case then the Canadian broadcasting division of public and private responsibility will change with private ownership and participation subsequently lagging behind. Recently a considera-

ble amount has been said about the value of Canadian content of programs to our broadcasting system. The nature of the Canadian system and its ownership equally represent one of the significant values that has helped Canada to reach the possibility of world leadership in broadcast communications. It may well be that the approach to communications developed in Canada represents one of our country's most valuable natural resources.

As emphasized in our formal report to the Committee, Canada has created a broadcasting structure that stands today as a capable, vital communications complex that applies of the rare ingredient of private and public enterprise. We have developed an approach to communications that is considered to be one of the finest in the world. What is at stake during the seventies is not the sudden retreat of our system, but rather lack of money, lack of confidence, or lack of understanding of the dynamics of broadcasting. There is a possibility of the system slowing down in terms of its potential, bogged down by a combination of regulations, economics, technology and manpower shortage.

We need to encourage support of broadcasting institutions, and most important we need to encourage and recognize at the same time those who are in broadcasting for individual achievement and initiative. During the next ten years, we suggest that corporations will provide a measure of stability and resource in terms of people and money for the development of broadcasting and that this can clearly be in the public interest. Government and business in the next decade will recognize both the values and the responsibilities of a corporate approach to broadcasting all of which can result in improved service for Canadians.

The next decade will see the consumer too coming into his own. The age of the consumer is certainly with us now and business, broadcasting and governments will be asked to assume increased responsibility. During the years immediately ahead, it will be important for companies such as ours to recognize the dangers of falling into an inflexible position of large companies losing some of their vitality and their drive. In communications we should all be encouraged to keep our options open and to remain flexible for the changes that will be coming at us quickly.

In terms of news it will continue to represent a responsibility for broadcasters to maintain a balance as between editorial and

advertising. It will also be our task to make sure that resources and information remain free and open—that any agent which acts between the broadcast journalist and the actual source of news be watched most carefully.

Mr. Chairman, I hope these comments have been of interest—the private and public participation we had in broadcasting in Canada, has established over the years, a working relationship which in the seventies, under our free enterprise system has the capability of producing the greatest gains for our country. In the next decade ahead, broadcasting will emerge as a skilful blend of ownership, technology and program information. It will help Canadians to meet the challenge of a new age. Thank you very much.

**The Chairman:** Thank you very much, Mr. MacKay. As I said, if you wish to refer any of our questions to your colleagues, please feel free to do so. I believe the session this afternoon will start with Mr. Fortier.

**Mr. Fortier:** Mr. MacKay, before we get into the meat of your brief, I think we should try and elucidate a couple of points which I would like to put to you. Your largest single shareholder is Southam, is that correct?

**Mr. MacKay:** Yes, sir.

**Mr. Fortier:** They own some 30 per cent of your class B voting shares?

**Mr. MacKay:** Right.

**Mr. Fortier:** And 30.7 per cent of your class A common, non-voting?

**Mr. MacKay:** I think right at the moment they own somewhere between 20 and 25 per cent of our non-voting shares.

**Mr. Fortier:** Of your non-voting shares?

**Mr. MacKay:** Yes.

**Mr. Fortier:** Could we have the exact figures?

**Mr. MacKay:** I think Mr. Nash would have that.

**The Chairman:** Mr. Nash?

**Mr. Frank Nash, Vice-President, Finance, Selkirk Holdings Limited:** Well, I think it about...

**Mr. Fortier:** Well, while Mr. Nash is looking for the figures, can you tell us how the



holdings can fluctuate at different times? Is that done through sale and purchase on the exchange or is that done through other methods?

**Mr. MacKay:** To the best of my knowledge it only occurs through the other methods; not through the sales of their shares on the exchange.

**Mr. Fortier:** And those other methods?

**Mr. MacKay:** For example, when we had a public issue of shares for a private placement of shares and release shares from the treasury—recently we had a private underwriting and I think there were approximately 300,000 shares sold. None of the directors, such as Southam, participated in that sale.

**Mr. Fortier:** So their holdings were diluted correspondingly?

**Mr. MacKay:** That is right.

**The Chairman:** I think Mr. Nash may have the answer now.

**Mr. Nash:** 22.4%—that is Class A.

**Mr. Fortier:** That is class A non-voting?

**Mr. Nash:** That is right.

**Mr. Fortier:** Twenty-two...

**Mr. Nash:**—point four.

**Mr. Fortier:** And class B voting remained at 30 per cent?

**Mr. Nash:** That is right.

**Mr. Fortier:** Does their share interest entitle them to have—is it three directors on your board?

**Mr. MacKay:** Yes. There are a total of ten directors on the board of Selkirk—three directors are employee directors, three are Southam directors and four are non-employees, non-Southam, outside...

**Mr. Fortier:** Commonly referred to as outside directors?

**Mr. MacKay:** Yes.

**Mr. Fortier:** You don't consider that three Southam nominees as outside directors?

**Mr. MacKay:** Well, I was putting Southam as a group. They are certainly outside directors.

**The Chairman:** Which are the three Southam directors?

**Mr. MacKay:** The three Southam directors at the present time are Gordon Fisher, Michael Harrison and George Crawford.

**The Chairman:** Thank you.

**Mr. Fortier:** George...

**Mr. MacKay:** Crawford.

**Mr. Fortier:** He is the attorney?

**Mr. MacKay:** Yes. He is a lawyer from Calgary.

**Mr. Fortier:** Mr. Harrison, whose name you just mentioned, appeared before the CRTC last month on Tuesday, February 10, and stated that Southam did not participate in the day-to-day operation of the Selkirk stations but that, and I quote:

"... they participated in major, financial and policy decisions."

Would you care to explain to the committee what this involvement by Southam "in major, financial and policy decisions" of Selkirk amounts to?

**Mr. MacKay:** Yes, I will attempt to. First of all, I think I should say that their participation is no different than any other director.

**Mr. Fortier:** You don't mean any other director, you mean any other group of shareholders?

**Mr. MacKay:** Any other director. They are members of our Board of Directors.

**Mr. Fortier:** The three of them?

**Mr. MacKay:** Yes. They believe that they assume the same duties that each of the other directors assume, and they are, in broad terms, to assist in the determination of the corporate policy of Selkirk Holdings Limited and to assure that the business of Selkirk is conducted properly. They review management performance, review management compensation—my compensation for example—and management development. They make information available and look after the interest of the common shareholders. They encourage management in attempting to prove the company and certainly encourage us to look ahead, to innovate where possible.

**Mr. Fortier:** How do they, in practice, differentiate between their direct interest in the company as opposed to their indirect interest through their shareholdings in Selkirk? You know, there are those companies, such as the



Calgary Broadcasting, Edmonton Broadcasting where Southam both has a direct participation in the equity of the company as well as participation through Selkirk. How do the Southam directors who sit on the Selkirk board differentiate in practice between the interest on the one hand of Selkirk and the interest of Southam?

**Mr. MacKay:** Well, Mr. Fortier, I really can't tell you how they differentiate...

**Mr. Fortier:** Well, how do you feel they differentiate?

**Mr. MacKay:** Yes, perhaps I should tell you that we are talking about something, I hope, that is rather ancient history.

**Mr. Fortier:** Well, CHCH is not ancient history?

**Mr. MacKay:** Two years ago Selkirk and Southam sat down and entered into a series of discussions and we discussed this question of these interests in which we both hold—joint interests—and we decided that it would be desirable if we did not continue to hold joint interests in the station you referred to. We entered into an agreement and the agreement has been filed with the CRTC which will see Southam withdrawing—selling their interest to Selkirk in those stations and other investments such as cable in which we both hold a joint interest.

**Mr. Fortier:** I see. This is a written agreement which is filed—entered into and filed with the CRTC?

**Mr. MacKay:** This is a written agreement and submissions have been filed with the CRTC. We are hoping the matter will be coming up very soon.

**Mr. Fortier:** Could you file a copy of that agreement before the committee?

**Mr. MacKay:** We could file a copy of each agreement but each one is different.

**Mr. Fortier:** You mean with respect to each individual station?

**Mr. MacKay:** That is right.

**The Chairman:** May I just ask for clarification—are these all Southam broadcasting holdings?

**Mr. MacKay:** No. There is one interest which they hold—I believe this is the case—I have not—I can't speak for them but I believe they hold an interest in London.

**The Chairman:** I am sure they hold an interest in London.

**Mr. MacKay:** That is the one. That is the only one. The other interests which they have which is not a joint interest was CKOY Ottawa, and we have also agreed to purchase that. They have agreed to sell it to us.

**Mr. Fortier:** So in all these instances they have agreed to sell and you have agreed to buy?

**Mr. MacKay:** Right.

**Mr. Fortier:** Is it as firm as I have just put it?

**Mr. MacKay:** It is firmer.

**Mr. Fortier:** So it is now up before the CRTC for approval?

**Mr. MacKay:** It is before the CRTC for approval and we have asked for a hearing.

**Mr. Fortier:** Yes.

**Mr. MacKay:** It is in their hands.

**Mr. Fortier:** So in all those joint ownership situations...

**Mr. MacKay:** Yes. There were actually, I believe, four joint interests involved—CJCA in Edmonton, CFAC in Calgary, the Greater Winnipeg Cablevision Limited which is a cablevision company in Winnipeg and Hamilton.

**Mr. Fortier:** That is Niagara?

**Mr. MacKay:** Niagara Television Limited

**Senator Beaubien:** Mr. MacKay, is that why you issued new stock?

**Mr. MacKay:** No, it really wasn't. What we have been doing over the past few years is buying a few other things from time to time and it was my view that before turning the financing of anything as substantial as channel 11 that it would be a matter of good housekeeping to clear all the decks and free ourselves of debts that we had incurred on prior acquisitions.

**Mr. Fortier:** How was the price arrived at? Was it arrived at by negotiations between Southam and Selkirk, or did the Southams fix it unilaterally?

**Mr. MacKay:** No. We had experienced that sort of thing before and we agreed to seek an independent authority for an independent

evaluation. Now we both had an opportunity, if after we received the evaluation, we could back away from it, so to speak, so we chose a company where we didn't have an interest and gave them the facts.

**Mr. Fortier:** Was that an easy thing to do?

**Mr. MacKay:** Well, that depends. It is a relative term—easy—but it was done and I would say that it was done in a very agreeable fashion. We are very satisfied and I have reason to believe that they are very satisfied.

**Mr. Fortier:** So that there was an outside firm that made an evaluation of the value of the shares?

**Mr. MacKay:** Of the investments.

**Mr. Fortier:** Of the investments, yes. And you were not bound to accept their valuation?

**Mr. MacKay:** Not at all.

**Mr. Fortier:** Any more than Southam were?

**Mr. MacKay:** That was the marvellous part about it all. We could just get up and walk away if we wanted to.

**Mr. Fortier:** But again in actual fact, am I correct in saying that the parties have agreed now to accept the valuation made by this independent appraiser?

**Mr. MacKay:** Yes sir.

**The Chairman:** Could I just ask about Mr. Harrison's role...

**Mr. MacKay:** I would just like to say one thing as well, that in connection with channel 4, there was a little different process we went through because I think Southam owned a minority interest there and we had to negotiate with other people. I think the Soble estate—they were very much of a key factor, and also Mr. Nathanson who had an interest as well. We are talking about the point interest of Calgary, Edmonton and Greater Winnipeg Cable. There they were just three there just the two of us were involved and nobody else, and so we had to find a formula that we felt would be in the interest of our shareholders—in the interest of the public and also settle our own blood pressures.

**Mr. Fortier:** To the extent of at least 30 per cent, Southams were selling to themselves?

**Mr. MacKay:** Well, I don't know whether Southam's would say that was so.

**Mr. Fortier:** Well, to the extent of their interest in Selkirk.

**Mr. MacKay:** Well, to the extent of their interest or investment in Selkirk I suppose they felt this was useful.

**Mr. Fortier:** They were selling to themselves.

**Mr. MacKay:** I don't know whether it was selling to themselves because, you see, they don't own Selkirk.

**Mr. Fortier:** No, but I was careful to say, to the extent of their equity participation in Selkirk, they were in fact selling their direct interest in these companies...

**Mr. MacKay:** To Selkirk.

**Mr. Fortier:** To Selkirk, right.

**Mr. MacKay:** Right. I might just say that the Soble Estate and Mr. Nathanson are going to be substantial shareholders of Selkirk as well so that I wouldn't want you to think that just Southams were interested in Selkirk.

**Mr. Fortier:** That is in the case of the Hamilton station?

**Mr. MacKay:** Yes.

**The Chairman:** I think when Southam retained Mr. Harrison originally—I see you have here Vice-President, Tele-Information Southam Press Limited. I believe that is a new title for Mr. Harrison, isn't it?

**Mr. MacKay:** Yes.

**The Chairman:** Wasn't he Vice-President Broadcasting?

**Mr. MacKay:** That is a new title but—I can't really say for sure but I think his first title was Vice-President of Broadcasting.

**The Chairman:** And he is now Vice-President of Tele-information?

**Mr. MacKay:** Tele-information, yes.

**The Chairman:** Does that involve anything more than the Southam relationship with Selkirk?

**Mr. MacKay:** I think it is a kind of a new field that he is interested in. I think he is now becoming very concerned about many other areas of the electronic communications such as information retrieval, and I think they are examining programming and they are examining many, many other areas than the areas

with which we have been associated with them for so long.

**Mr. Fortier:** This policy of expansion—I think we could call it such—on the part of Selkirk in acquiring from Southam their interest in broadcasting media—is it being pursued? Is Selkirk still in the market for other broadcasting interests in Canada?

**Mr. MacKay:** I think to say categorically yes or no is too categorical. I think we would say that we are interested in growing under the terms of the sort of standards we feel are acceptable for such growth. We just don't take everything that comes down the pipe, if you know what I mean. I would say that where we feel it is in the interest of the company, and of the public, I think we would be interested in growing.

**Mr. Fortier:** Would you be interested, for example, in acquiring Southam's 20 per cent interest in CFPL in London?

**Mr. MacKay:** We have never discussed it.

**Mr. Fortier:** Would you tell us why Southam's interest in CFPL is excluded from this blanket agreement?

**Mr. MacKay:** I think it has to do with the fact that there is a tremendous amount of ancient history and a relationship with Southam in terms of the newspapers originally. I am not just exactly sure what the shares are—if the shares are shares of the *London Free Press* and from the *Free Press* into the television stations, I really don't know. I really can't comment on it, but I know there is a long relationship there.

**Mr. Fortier:** It wasn't a case of Selkirk saying "We don't want those"?

**Mr. MacKay:** As a matter of fact we didn't even discuss it. That is a fact. We just sort of know that there is that kind of relationship. I think that Mr. Blackburn, in my opinion, is a person that certainly if the Southams were interested in selling, should be considered.

**The Chairman:** But Selkirk would like to acquire that interest?

**Mr. MacKay:** I would want to look at it very carefully. I haven't examined their statement and I just couldn't say that I would want to buy anything these days without taking a good hard look at it.

**Mr. Fortier:** So you are in the market if, as you put it, they...

**Mr. MacKay:** The criteria...

**Mr. Fortier:** ...are met.

**Mr. MacKay:** ...are met, yes.

**Mr. Fortier:** Are all your broadcasting holdings, Mr. MacKay, referred to in your brief? This is a loaded question so maybe I should go on immediately to another one. For example, I did not notice any reference to Canastel in your brief. Don't you have an interest in Canastel?

**Mr. MacKay:** Perhaps Mr. Nash can tell you what Canastel is about.

**Mr. Nash:** Yes, we have an interest in Canastel which we acquired last summer. Canastel is a holding company which owns approximately 12 per cent of British Columbia Television and 25 per cent of CJCH Limited in Halifax. We own 44.9 per cent of Canastel and Western Broadcasting own 55.1 per cent.

**Mr. Fortier:** So that is another company through which you have an interest in broadcasting in British Columbia?

**Mr. Nash:** That is right. I think that is reflected indirectly in our total interest in British Columbia.

**Mr. Fortier:** Yes, I guess I could have read it into that, but I did not see the name Canastel in your brief.

**Mr. Nash:** No.

**Mr. Fortier:** What about Castleton Investments?

**Mr. Nash:** Castleton Investments is a holding company which owns interests in British Columbia Television and interests in Ottawa Cablevision Limited.

**Mr. Fortier:** I think we forgot to mention that through Canastel you also have an interest in CJCH in Halifax, do you not?

**Mr. Nash:** Yes.

**The Chairman:** I believe he mentioned that.

**Mr. Nash:** Yes, I did mention that.

**Mr. Fortier:** So these are two other companies in which you again have an interest in broadcasting in British Columbia as well as in Nova Scotia?

**Mr. Nash:** Yes.



**Mr. Fortier:** Greater Winnipeg Cablevision—is it mentioned in the brief?

**Mr. Nash:** I think it is 25 per cent.

**The Chairman:** It is mentioned at page 119.

**Mr. Fortier:** Well, that is a minority interest?

**Mr. Nash:** Yes.

**Mr. MacKay:** It is a minority interest.

**Mr. Fortier:** Yes.

**Mr. MacKay:** Those companies that you referred to are companies that do hold the additional interest in B.C. Television and that is how we acquired that additional interest which was added to the total interest you see.

**The Chairman:** Why would you not list those holdings on page 120 where you list minority interests?

**Mr. MacKay:** I don't know.

**The Chairman:** Well, that is not a loaded question, but I am just curious as to why...

**Mr. N. A. Botterill, Vice President, Selkirk Holdings Limited:** My oversight. The ultimate holdings are shown under B.C. Television.

**The Chairman:** I don't put it to you critically except as it relates to the original speech in the Senate when I made some statements about Selkirk Holdings Limited and you vote me a letter, I think justifiably, saying that I had perhaps overstated the case. On the other hand, isn't it true that not too many people, certainly very few listeners, understand who owns what in Selkirk Holdings Limited?

**Mr. MacKay:** I don't know the degree of interest of listeners to the ownership, but I do know that shareholders—we report it in our quarterly statements in detail whenever we acquire anything and we try to keep every shareholder completely up to date on our activities.

**The Chairman:** Well, if I may pursue this just for the moment. Although it is not in the brief, indirectly through Canastel you control 25 per cent of CJCH in Halifax, is that correct?

**Mr. Nash:** We have an indirect interest.

**The Chairman:** Do you think the listeners to that station are aware of your indirect interest?

**Mr. MacKay:** I would say that I don't think they are aware, but I don't think many listeners are aware of really who owns that particular station.

**The Chairman:** Well, that is exactly my next question. Should they?

**Mr. MacKay:** Well, I would say this. If it is in the public interest, I don't see any reason why they shouldn't.

**The Chairman:** Do you think it is in the public interest?

**Mr. MacKay:** Well, to the extent of anyone feeling that is sort of a hiding situation, certainly they should know.

**The Chairman:** Mr. MacKay, when you yourself are listening to a radio station or watching a television station, or indeed reading a newspaper, don't you like to know who owns it? Do you care?

**Mr. MacKay:** Well, Mr. Chairman, do you really know who owns anything these days?

**The Chairman:** Well, I am beginning to wonder. I would sure like to, wouldn't you?

**Mr. MacKay:** I think I would like to know who is the key owner. I never get too disturbed at the long list of shareholders of all the companies in this country, or owners of various enterprises, but it seems to me that the key must be that if there is an interest, I see no reason why they shouldn't be advised at all. I know, for example,—I look at various publications and I often say "Who owns this?"

**Mr. Fortier:** Well, shouldn't the question be phrased this way? Should not the owners consider it to be in the public interest that their listeners, or viewers, or readers know who owns the stations, or who owns the newspaper?

**Mr. Nash:** May I just interrupt here?

**The Chairman:** Certainly.

**Mr. Nash:** The CRTC has not approved the sale of CJCH Canastel's portion in that regard so we really don't own it officially as yet. There would be no point in advising anybody...

**Mr. Fortier:** We will exclude that one from our discussions.

**Mr. MacKay:** I think the principle of saying "Is the public interested in who owns whatever it is they want to know about"—I

see no reason why they should be kept in the dark.

**Mr. Fortier:** Well, I think you have made that point very clearly, but the question I ask is, do you as an owner, or a representative of an owner, do you not feel that it is incumbent upon you to tell your listeners or your viewers?

**Mr. MacKay:** To be absolutely honest, I have never felt that thing as sort of a problem and I have never felt any sensitivity to it.

**Mr. Botterhill:** It seems to me that the position which Mr. MacKay has taken, or tried to explain, has never occurred to us. It is just that over these years, all these things have evolved into what our ownership is today; but right from the very beginning, they were separate companies—CFAC in Calgary is the Calgary Broadcasting Company which is publicized and known and our interest has grown in those over a period of time. And this matter of ultimate ownership behind Calgary Broadcasting has just never occurred. We don't promote, we don't identify as a Selkirk station—CFAC in Calgary is Calgary Broadcasting, or Edmonton Broadcasting, or whatever.

**Mr. MacKay:** Other than in all of our statements we print very clearly what we do own and send it to a wide source of news editors, financial page editors, every shareholder, and to all sorts of people, such as the Government. We send this out to a few thousand people so that there is a fair amount of information going out now, if you know what I mean.

**Mr. Fortier:** Yes.

**Mr. MacKay:** But as for public ads, if you are thinking of that sort of thing, we have just never thought of it.

**The Chairman:** I think specifically what we are thinking about is not the group you have mentioned, as important as all of these people are, we are thinking about the listener.

**Mr. MacKay:** I would like to find out just what our listeners think of that. Some of these interests boil down to pretty small potatoes, you know, with people.

**The Chairman:** You mean your listeners really don't care?

**Mr. MacKay:** Well, I think when you get down to 1.2 per cent or .5 per cent, .4 per cent, such as in B.C. Television you have a

long, long list of shareholders and of course they also sell their shares from time to time so it is a fluctuating thing.

**The Chairman:** Well, let's take—you own according to the information I have here—you have a one-third interest in CHBC Television in Kelowna. Do the viewers to that Kelowna television station—are they aware of that one-third interest?

**Mr. MacKay:** Yes I would say that they are aware of it this way. They are aware that in Okanagan—for example, I am glad that you brought that up because I think each one of these cases has a little...

**The Chairman:** Is a special situation?

**Mr. MacKay:** In Okanagan, for example, would say that the public at large know that Okanagan Television is owned one-third by CKOV, one-third by CJIB in Vernon, and one-third by someone from out of town. I think that is well known because the three stations there in the valley originally financed it and they had to hustle about and stir up a lot of enthusiasm for it. I would think that that is not a constant thing in their mind however.

**The Chairman:** Do you think that viewers and listeners care who owns the stations in Canada?

**Mr. MacKay:** I think that they care on occasion.

**The Chairman:** Do you Mr. Botterill?

**Mr. Botterill:** Not generally speaking, no.

**The Chairman:** Do you think they should?

**Mr. Botterill:** I can't see any real reason.

**The Chairman:** You can't?

**Mr. Botterill:** The station—it is an entity in the community that is either good, bad or indifferent.

**The Chairman:** Well, let us take a hypothetical case—let us say it is bad?

**Mr. Botterill:** Yes.

**The Chairman:** Wouldn't it be in the public interest for them to know who is running that bad station?

**Mr. Botterill:** Well, they know who is running it locally and they can go to them.

**The Chairman:** They don't know who owns it though you said.

**Mr. Botterill:** Not the ultimate holding of Selkirk, but they know...

**The Chairman:** They know who to go to to complain to?

**Mr. Botterill:** Exactly.

**The Chairman:** Fine.

**Senator Beaubien:** Has anyone asked who owns it?

**Mr. MacKay:** I am sure on occasion that they have, and whenever they have asked we have simply told them. We have never, you know, said why do you want to know because this is a very normal question.

**The Chairman:** I should perhaps say to Senator Beaubien that I am not putting this line of questioning in any sense critically of Selkirk any more than I am being critical of the public that don't care, and I disagree with Mr. Botterill—I think the public should care.

**Mr. Botterill:** Well, I am not saying that they shouldn't care, but my point is that the ultimate ownership of Selkirk with all its involvements really has no bearing with the people in that community. If they want to disagree or do anything with their station, there is an identity there they can reach.

**Mr. MacKay:** Let me just say again Mr. Chairman something which will clarify this. We believe that there is a wide circle of the listeners and the viewers that is interested in knowing who owns what stations. We provide this information to media and to all shareholders. I can see your point however that if there was something happening—some abuse—if it was not in the public interest this is a risk, as you say—there may be some inherent risk there, but I would say this much; as far as we are concerned we are completely delighted to tell everybody what we own and where we own it and we have done so for years, but we just haven't used, for example, our own radio station time to advance the fact that this is another Selkirk station—we just haven't done that.

**The Chairman:** Senator McElman?

**Senator McElman:** This may not apply directly to Selkirk, but would you think the public would show a lively interest in the directors and principal shareholders, if those same names were appearing with some frequency also on the boards of let us say banking and financial institutions, steel mills, mines, and many other principal areas of the

economy. Would you think then that there would be, or should be, a lively public interest that the same names are also appearing on the boards and principal shareholders' lists of media?

**Mr. MacKay:** Well, it is a matter of judgment. I would say this—yes—I think that is quite in order. As a matter of fact, I believe you have to publish all of your holdings when you are on these various boards.

**Senator McElman:** Oh, agreed. I am not saying that they are hidden in any sense.

**Mr. MacKay:** I think it is useful then.

**Senator McElman:** Would you not think that the public interest would be enlivened?

**Mr. MacKay:** Yes, I think that is an interesting bit of information, I must say. In the business field, I am always interested to see the names of people or their various activities.

**Mr. Fortier:** Let us talk about All-Canada Radio and Television Limited, if we might, for a few minutes. It represents some 72 radio and television companies in Canada as I read your brief and on page 112 you say:

"All-Canada is more than a 'rep' to it's stations."

And then you go on to say or to explain what it seeks to do. Could you tell the committee whether it ever purports to advise its member stations on, let us say, management and operation matters?

**Mr. Ross A. McCreath, Vice-President and General Manager, All-Canada Radio and Television Limited:** Yes, we do help the stations in many different ways in consultation with them. They like to know what is going on in the rest of Canada if they are selecting a television station, if they are selecting programming for next year's schedule, et cetera. They may say "How are programmings varying in other parts of the country according to your assessment?"—so they will consult us in that way. There are many areas; we have a broad outlook across the country and when you are operating a radio and television station in one particular community it is difficult, perhaps, to see beyond that community so you use all of your connections that you can. We have a daily connection with them because we are their salesmen, so they will perhaps ask us questions more often than anybody else because it is easier to contact us.



**Mr. Fortier:** They expect you to play this role, do they?

**Mr. McCreath:** Oh, very definitely.

**Mr. MacKay:** May I just say one thing about this. Thank you very much, Ross. Ross is here for any questions you may have to put to him.

The emphasis, of course, of All-Canada is on sales and anything we can do to help improve its sales is part of our responsibility. I think one interesting point about All-Canada is from an east-west sort of basis it has its own kind of communications with those areas I just referred to, and there is regionalism in many aspects of our country. It is interesting, and I think valuable, for broadcasters to learn something of the differences and to learn how to help one another. For example, if a station is short of a good salesman and we know that one of the other stations has an over-supply of good salesmen, we only have to be sure of one thing and that is when you recommend a salesman you have recommended a good one.

**Mr. Fortier:** Would you recommend a salesman who is working for a Selkirk station?

**Mr. MacKay:** Well, ask any of our Selkirk people—they dislike us intensely for that but it happens all the time.

**Mr. Fortier:** Yes.

**Mr. Botterill:** I think you could sum up the relationship between the representative and the owned and non-owned stations as being the guide, philosopher and friend to them all.

**Mr. MacKay:** I would like to put that down on paper.

**Mr. Fortier:** It is now. Of course, All-Canada is a wholly-owned subsidiary of Selkirk?

**Mr. MacKay:** Yes, sir.

**Mr. Fortier:** Would All-Canada agree to act as a "rep" for a station which is competing with a Selkirk station?

**Mr. MacKay:** Well, yes. Let me tell you this. One of the things is—we talk about the Southams and their interests and it is interesting that many stations where they have had interests, we still represent the stations. In the case where Selkirk owns and operates a station, we don't generally represent the station in that community against the station that Selkirk owns. It isn't because All-Canada wouldn't like to and hasn't tried to, but it just doesn't seem to work out too satisfactorily.

Basically we represent our own stations—and they represent a small part of our representation business—but by far, the largest portion of our representation business comes from a variety of owners in a variety of stations.

**Mr. Fortier:** Do these stations which All-Canada represent have any say in the management of All-Canada?

**Mr. MacKay:** No station that we represent has anything more to say about the job that All-Canada is doing than the station that we don't own. In other words, all stations have the same opportunity to complain, or to suggest, or to communicate, but there is no special role for a Selkirk station in All-Canada—they stand on their own feet.

**Mr. McCreath:** They can cancel a contract with us at any time because we are in a highly competitive business. There are 13 firms in the representations business in Canada, and if we don't keep our shirts clean and do the job that we are supposed to do, we will lose the station. Indeed we do lose stations, and hopefully get new ones from time to time.

**Mr. MacKay:** We have lost station representations from stations we have had an interest in.

**Mr. Fortier:** Have you?

**Mr. MacKay:** Yes.

**Mr. Fortier:** Who is on the board of All-Canada?

**Mr. MacKay:** The board directors of All-Canada?

**Mr. Fortier:** Yes.

**Mr. MacKay:** Well, I have that listed here.

**The Chairman:** Well, it is not in the brief.

**Mr. MacKay:** Oh, I beg your pardon, I do not have it listed here.

**Mr. McCreath:** Well, Mr. MacKay is President, I am the General Manager and Vice-President, and we have a Vice-President Radio, a Vice-President Television, and Vice-President Secretary Treasurer.

**Mr. Fortier:** These are all...

**Mr. McCreath:** Employees.

**Mr. Fortier:** Are you the only director also holding a position on the Selkirk board?

**Mr. MacKay:** No, Mr. McCreath is a director on the Selkirk board as well.

**Mr. Fortier:** Yes.

**Mr. MacKay:** The other three are All-Canada executive vice presidents.

**Mr. Fortier:** Is there any identifiable way that the Selkirk influence can be traced through All-Canada on any one of these either owned or operated stations?

**Mr. MacKay:** No. You will have an opportunity because I notice that there are other stations are coming here that we have no interest in and you will be able to find out very clearly that that is not only not the case, but we take very definite steps to assure that it doesn't happen by being aware of his particular kind of question.

**Mr. Fortier:** Very interestingly, Mr. MacKay, your company has interests in TV stations which are affiliated both with the CBC and CTV. Let me ask you a loaded question. Which affiliation have you found to be most satisfactory? The one at CTV or CBC?

**Mr. MacKay:** Well, what is the word that describes the situation when you have two wives?

**Mr. Fortier:** Lucky!

**Mr. MacKay:** I am not going to go into that, Mr. Fortier!

However, to that extent we do not suffer from a poverty of riches. We live with both. I think each particular market has its own particular quality and own particular set of problems, and in some markets there is just nothing like a CBC affiliate compared to CTV, and in other markets CTV—all the way compared to CBC.

**The Chairman:** Could you tell us about those markets, please?

**Mr. MacKay:** Well, we have a CTV network affiliation in Vancouver.

**The Chairman:** Do you think that is better than having a CBC affiliation?

**Mr. MacKay:** In Vancouver it just seems to me to be the ideal situation.

**Mr. Fortier:** What about Calgary where you have the only privately-owned CBC affiliation in CHCT?

**Mr. MacKay:** Well, Mr. Penn is here, the President of channel 2 in Calgary. I don't know whether he could tell you in mixed company what he thinks of it at times, but I can tell you it has been a pretty long, hard battle in Calgary. I don't know if you know that Calgary is the only city in Canada that is served by two private enterprise stations.

**Mr. Fortier:** Yes.

**Mr. MacKay:** And the only other place in Canada where there were two private stations competing, was the Regina-Moose Jaw area. The CBC station, once the CTV station, was established and launched proceeded to lose money and never, never again broke into the black. So you have some idea of the enormity of the task when you are a CBC affiliate competing with the CTV private station affiliate. That is the history at the moment.

Now, I think fortunately we are very lucky to have a man with David Penn's—I think genius and experience and ability—it is going to help you! He is a very well qualified man and perhaps could touch upon this if you would like to hear more.

**The Chairman:** Well, I think, with respect, that perhaps it won't be necessary. I don't want to be rude to Mr. Penn, but time is running on and there are other questions. Believe me, Mr. Penn, I don't wish to be rude. I would just like to pause here to follow on with Mr. Fortier's question. Which market do you prefer having a CBC affiliate?

**Mr. MacKay:** Well, Lethbridge is a perfect example of a station that has developed an excellent record working into the community, and its CBC affiliation has proven to be a benefit. It is an interesting thing that in Lethbridge where there is now a CTV station as well, our station in Lethbridge does extremely well with the audience in general programming.

**The Chairman:** That isn't a CTV station in terms of audience?

**Mr. MacKay:** Well, in terms of audience, yes it is.

**The Chairman:** What about revenue?

**Mr. MacKay:** Well, I don't know their figures, but we are coming out of the blue and that is progress, I will tell you.

**Mr. Fortier:** From the point of your programming...

**Mr. MacKay:** Well, it is not so much a question of programming because programs, as you know, change. Really, the basic question here is the flexibility that one network might have as opposed to the other in terms of reserve time and things of that nature.

**Mr. Fortier:** That is really what I would like to get at.

**Mr. MacKay:** I think the CTV network you could say in quick terms is perhaps a little more flexible.

**Mr. David F. Penn, Vice-President and General Manager, Calgary Television Limited:** CTV affiliation, I think, would be a better way of putting it.

**Mr. MacKay:** Yes, a little more flexible. Their reserve times are just a little better and they seem to suit the situation a little better.

**The Chairman:** Whatever the affiliation, whether it is with the CTV or CBC, and I perhaps relate this question to radio as well, is there a Selkirk sound or trade mark, or something which makes a Selkirk station uniquely different from the other stations in Canada?

**Mr. MacKay:** No, there really isn't. We don't advocate what you might call a formula station.

**The Chairman:** There is no Selkirk formula?

**Mr. MacKay:** There is no Selkirk formula.

**Mr. Botterill:** That is perhaps one very good reason why there isn't Selkirk identification in those markets because it doesn't mean anything. It is not a Selkirk station as far as the public is concerned.

**Mr. MacKay:** We believe a formula might bring on the surface sort of quick results, but we think that the kind of broadcasting stations that we attempt to turn on really by and large become the voice of the community and the best reflection of the community and in the long term will do the best job.

**The Chairman:** You say at page 5, paragraph 11:

"In each case—radio, television and cable—the management has autonomy and independence in all programming areas."

Is that literally true? Do you stand by that statement and if we were to ask your station people they would all verify that?

**Mr. MacKay:** Yes, they would.

**The Chairman:** Well, what is it you do?

**Mr. MacKay:** Well, we provide services that they feel might be useful—there is a whole list of them—in terms of providing engineering help to them, we provide all sorts of financial and fiscal assistance to them, we raise money for them when it comes to investing in new studios or new equipment, that sort of thing you know.

**The Chairman:** Why do you not inject yourself into programming? What if a particular station is being badly programmed—presumably you stand back and do nothing?

**Mr. MacKay:** Well, let me put it this way. You have to know exactly how Selkirk works.

**The Chairman:** That is what I would like to find out.

**Mr. MacKay:** I think I can take you from the private Selkirk Holdings, the company, and pass the ball to Norman Botterill and Bill Speers who are supervisors of our stations and let them, perhaps, tell you a little of the way in which we operate our stations in terms of the various meetings and sessions, the program meetings and sales meetings that we conduct.

**The Chairman:** Well, then perhaps I can put my question to Mr. Botterill. You say "the management has autonomy and independence in all programming areas." What do you do with a station that is badly programmed?

**Mr. Botterill:** We go to work on it immediately. We had a situation in one of our western stations which isn't resolved as yet. A great deal of thought and consideration has been given to the problem and possible solutions and there was occasion for the manager of that station to discuss his troubles with other of our managers periodically and program people as well. Out of all these discussions, and so on, came the manager's recommendation for what he would like to do to tackle this problem. After full discussion even at the local board level of the station, it was decided upon and he has embarked upon it now.

**The Chairman:** Well, what if he didn't? What if he said "No sir, I don't agree with you fellows?"



**Mr. Botterill:** Well, that would come right up to me.

**The Chairman:** Would he be fired?

**Mr. Botterill:** That would come right up to me. At that point I would say "Well, you go ahead but it is on your head."

**The Chairman:** Is there not a point at which you would dismiss him?

**Mr. Botterill:** Not for that sort of thing, no.

**The Chairman:** If his ratings were consistently bad and his station was doing poorly you would just go along with him?

**Mr. Botterill:** Well, we would go along and try to help him and bring to bear on him all the resources of our organization and all the other stations. We might bring in a program man from another place.

**The Chairman:** Mr. Botterill, at what point would you dismiss a manager?

**Mr. Botterill:** Well, without specifics, that would be a matter of "Well, we have tried everything your way, let's try it our way."

**The Chairman:** Well, there is a point at which you would say you would dismiss him?

**Mr. MacKay:** Well, I think you could say that we are perhaps the originators of group therapy because we are the ones that have been working in this field since broadcasting began.

**The Chairman:** Well, would you like to explain that?

**Mr. MacKay:** Well, as a group philosophy.

**The Chairman:** That is what Mr. Botterill was talking about, was it?

**Mr. MacKay:** Yes.

**The Chairman:** One of the questions that we put to various people who are involved in common ownership situation both in print and in the electronic media is, how much concentration is too much? Do you want Selkirk to own all of the private radio and television stations in Canada? Would that be in the interest of your shareholders?

**Mr. MacKay:** Mr. Chairman, I am glad that you asked that question.

**The Chairman:** Well, that sounds like a very political statement!

**Mr. MacKay:** Yes, I know.

**The Chairman:** You have your music I can see!

**Mr. MacKay:** Well, I sort of had a feeling that this might come up because I read some of your reports before and this question has arisen and I thought you might be interested in our view of a sort of yardstick, that we think perhaps is useful for the consideration of your Committee. I think that whenever you start to talk about concentration, the worst thing you can do is inject the word "if". I think you have to look very much at the actual issue.

On page 13 of our brief we make a point of stating that it is not the fact of multi-ownership which is the key question here, but rather the relationship between specific owners and the management of a station and what effect this relationship has on the station's performance that counts.

Now, it is interesting to note that the largest concentrator and owner and operator of radio and television stations in this country is the CBC. At the same time, the balance of television stations—about 90 to 95 per cent—are owned by radio stations or radio station owners who have an investment in the television station. Multi-ownership, we think, often results from an application being the only one submitted. Now, in this question of limitation we do have some yardsticks.

First, I think you have to identify the markets by size and by geography. What is the situation regarding the particular market—is it a new application? Is it the purchase of new shares? If so, what is the history between the owner and the station—in other words, can we be of real help as opposed to just buying another station? The effectiveness of the group owner, we think, is perhaps paramount and should be reviewed. Is he responsible enough? Is the management competent? Is there a record of performance in the public interest? Does the company have national resources such as manpower, and does it have the economic resources?

Finally, we have to say to ourselves, what is the alternative? It is interesting to note that going back just a few years when the English television application came up in Montreal there were only two applicants, and both were from people who were in the broadcasting business. Now, in our case we have kind of a philosophy here. You will know by examining the stations that we own that we have quite a mix of ownership in our company—a mix of very small markets, medium markets and some large markets.

They are spread pretty well throughout Alberta and British Columbia, and right now a small interest in Hamilton. Our cable investments are minority investments as well. We think that this spreading and this position of being able to help some of the smaller stations is really in the interest of broadcasting. That, in fact, a great deal could be said for multi-ownership under those terms.

Now, we don't think you could own all of the stations because simply you wouldn't have the resources in terms of manpower, you wouldn't have the resources in terms of finance and—the word “if” again—it is impossible anyway.

Finally, we have to go to the CRTC with every application and there they have their own setup of criteria perhaps quite different from the ones I have mentioned—I am not too sure.

**The Chairman:** I think Mr. Juneau said when he was before the committee that he would welcome guidelines in this area from Parliament.

Now, you have listed some criteria—honesty, confidence, record of performance, natural resources, economic resources, and so on, all qualities which I think you would agree your company possesses.

**Mr. MacKay:** Right.

**The Chairman:** And yet you have said even with your company there comes a cut-off point and what we are trying to establish is where is that cut-off point?

**Mr. MacKay:** Well, I would say that one of the cut-off points would purely be when there are other alternatives. I mean, that might be a cut-off point—the other alternative might be better.

**The Chairman:** Well, you surely wouldn't argue—I would be very surprised if you would argue that if there was a licence pending in market that Selkirk should be precluded because somebody else is applying? Surely it should go to the best operator?

**Mr. MacKay:** Well, I don't think we should be precluded, but I think certainly that should be one of the values that the application would be judged upon. I think you really can't say. I think the worst thing that has happened to the United States—and I am now not going to be a Mr. Johnson in Canada blasting, but one of the worst things they have done is to come up with a quick answer to this problem, and that is numbers. Here

numbers alone—five, six, seven, doesn't really mean a thing. Where are the stations? What is the story of that station? Does it need the kind of injection that a multiple owner can give it? What is going to happen to that station when the individual dies? I mean, we simply have to find a way for this corporate growth. So it seems to me that looking at the practicalities, I think that many of the answers to the questions, which are raised in our minds in a general sense, answer themselves in the light of the actual applications.

I am sure you agree too that there is no one company in our country including the corporations that have the finances to literally purchase all the radio and television stations in this country.

**The Chairman:** Well, just a moment.

**Mr. MacKay:** I can't think of any right offhand.

**The Chairman:** Well, publishers and broadcasters come before this committee and whenever we talk about the reasons for concentration very few publishers and very few broadcasters are frank to say that it is also a very profitable enterprise. We are not critical of that—but it is. This committee is not critical of profitability in private broadcasting.

**Mr. MacKay:** Hear, hear.

**The Chairman:** But it is a fact of life. And so to say that it could never happen stretches my imagination—maybe not yours...

**Mr. MacKay:** Well, Mr. Chairman, I think this. I guess there is a risk in everything we do in life and there may be the risk. I don't know—I can't see it—but literally and honestly and literally for this committee I cannot see the possibility of one company owning all the radio and television stations in this country.

**Senator Smith:** Well, the CRTC would not allow it anyway.

**Mr. MacKay:** Well, apart from the CRTC, just really—and I agree with you—it is really just incomprehensible that in a society like we are living in today in Canada—it is almost as incomprehensible to me as to believe that in ten years this country will disappear because of broadcasting.

**The Chairman:** But is it not a fact that in broadcasting, there are fewer and fewer people owning more and more stations?



**Mr. MacKay:** Yes.

**The Chairman:** It is an ongoing trend and you explain some of the reasons why in your brief.

**Mr. MacKay:** Well, it is a very interesting thing with public companies, actually, more and more people own more and more stations. As a matter of fact, there are probably more actual owners of broadcasting stations in Canada today than at any time in its history.

**The Chairman:** More and more shareholders?

**Mr. MacKay:** Yes, they are owners.

**The Chairman:** Well, I guess you could argue then that there are even more owners in the CBC?

**Mr. MacKay:** Well, I don't know whether that is quite the same thing. They don't have shares and they don't pay dividends in the form of cash.

**The Chairman:** Well, are there any other questions that the senators may have? Mr. Fortier?

**Mr. Fortier:** I wonder if we could hear, Mr. Chairman, from one of the other of the radio or television managers and have them tell us what benefit proves from group ownership?

**The Chairman:** Specifically from Selkirk group ownership?

**Mr. Fortier:** Oh, definitely.

**The Chairman:** Yes, I assumed that was what you meant.

**Mr. MacKay:** Well, if I might just start off and I will touch upon the information we have here for you.

**The Chairman:** By all means.

**Mr. MacKay:** I thought that you would be interested in knowing what the managers think about Selkirk and its relationship...

**Mr. Fortier:** I was looking for that in your brief and I didn't find it except in the case of the Vernon presentation. The others all had a lot of awards and community interests.

**Mr. MacKay:** Well, I think you would be interested in this letter. This comes from our manager way up in northern Alberta—a chap by the name of *Wally Everitt* who has a tremendous personality and he wrote a letter

and I will read part of it. I won't read all of it, because it is quite long.

**Mr. Fortier:** Could you summarize it and file it with the Committee?

**Mr. MacKay:** I will read just a little bit and stop and then file it.

**The Chairman:** Fine.

**Mr. MacKay:** He says:

"I have been pondering for some time the best way to present the advantages of belonging to the Selkirk Family. As everyone knows, a member of a large family functions more effectively when the individual is stressed. The individual can grow, mature and become a person in his own right while retaining the warmth of the family environment and reflecting the upbringing of that family. A radio station finds itself in the same position as a member of a chain of stations. The individual station is encouraged to project its own image while still benefitting from the advantages of belonging to a larger 'family'. As a member of a group of stations the individual station can train its personnel for higher positions within the chain; moves can be affected "without loss of pension or health benefits and key personnel positions can often be filled within the ranks of the company. Top Management personnel has very often trained within a station chain and can bring a wealth of experience and broadcasting knowledge to stations within the chain. Selkirk stations have set any 'exchange' programs as to programming and sales ideas. In this way, smaller stations in minor markets can benefit from the experience of 'proven successes' in major markets, while keeping abreast of changes in programming within the broadcasting industry... As a member of a radio group, individual stations can offer their staff lower rates and better benefits on health plans, hospitalization and retirement plans. This does much to attract the top personnel in the broadcasting industry."

I won't go on, but I think it gives you a kind of a sense and again on page 56 of our brief you will note that another one of the station managers states—and I think this is sincere—"Our affiliation with Selkirk Holdings keeps us in the picture with regard to new



engineering, programming, accounting and sales techniques. Production Managers, Managers, Sales Managers, Engineers and..."

**Mr. Fortier:** Yes, that is the Vernon situation?

**Mr. MacKay:** Yes.

**The Chairman:** I am sure all of the communications you receive from member stations are not full of such unqualified joy. What are some of their grievances?

**Mr. MacKay:** Well, they would like to make more money, I suppose, and would like to grow faster.

**The Chairman:** But with Selkirk?

**Mr. MacKay:** They would like to grow faster.

**The Chairman:** Do they claim that you stunt their growth?

**Mr. MacKay:** Not at all. It is inherent in anybody we have in management to want to grow.

**Mr. W. A. Speers, Vice-President, Selkirk Holdings Limited:** I guess I am the nearest thing to a station manager that is left. I have managed radio stations for this group for about 35 years and I think probably it is the loneliest job in the world. It is a very comfortable feeling to know that you can pick up the phone and say "Before you guys come out here I want to talk to you because I have a problem." You don't feel alone then and you can get some backing for your point of view or perhaps you can have an adjustment made in it that makes it possible for you to do what you want to do.

The disadvantages—and there are disadvantages in everything—are that in this group we have a set of standards within which you must live, and I mean by that standards of public service, public acceptance, and service to the public. I must say that we are pretty critical of managers who go outside that framework for the sake of the quick buck. You know, we are in a business, and have been in it for one hundred years, and are going to be in it for another hundred we hope, and that is the attitude that prevails.

It is kind of in the nature of things that if a person has talent or ability he is going to seek a larger audience for his talent or larger markets for his ability, and in this kind of a group you have an opportunity to do that.

**Mr. Fortier:** Do you sometimes feel that you would rather be owned by someone in the community rather than by someone at head office in Toronto?

**Mr. Speers:** I sometimes feel I would rather own it myself!

**Mr. Fortier:** Well, that is legitimate.

**The Chairman:** Thank you, Mr. Speers.

**Mr. MacKay:** I might just say that all of our personnel are encouraged to participate in the shares of the company.

**The Chairman:** When I read the CJIB presentation—that is Vernon as I recall...

**Mr. MacKay:** Yes.

**The Chairman:** I thought it was one of the most interesting because it dealt with some of the things which interests us most; and it says "CJIB could be compared to a minor league baseball team." Now, I am sure that is a very honest statement, but it concerns me for a reason, and perhaps you could put my mind at ease. Presumably the best announcers—would it be true to say that the best announcers in the Selkirk organization are at your biggest and best stations where they can be paid more lucrative salaries?

**Mr. MacKay:** Well, fundamentally that would be correct.

**The Chairman:** Quite understandably.

**Mr. MacKay:** Yes, quite.

**The Chairman:** And yet perhaps what concerns me, and I would like you to comment on it, Mr. Botterill, is that if in broadcasting—I think this minor league baseball analogy is not just true of Selkirk; it is true of smaller stations all over Canada. But if the system filters through the most competent newscasters and the most competent announcers generally into Toronto and Montreal and Vancouver and the big cities, doesn't it provide less than adequate service in sections of the country where more adequate service is probably more desperately needed than in the big cities where there are lots of media? Do you follow the point I am trying to make?

**Mr. Botterill:** I think perhaps I do and I think in theory you are perhaps correct. However, by virtue of the progression you are speaking of that leads them up to the top you can draw them in at the smaller level and attract better people even to start with bear

ing in mind—I think we should emphasize this, that the smaller stations of Canada—not just our stations—are the generators of a great many radio people.

**The Chairman:** Yes, that is a point made in your brief.

**Mr. Botterill:** We draw them out of the woods and they progress upwards, and indeed these people who have the talent don't stop at the top of our largest station, they go on from there.

**The Chairman:** Yes.

**Mr. MacKay:** One point I would like to mention is I don't want you to think that people kind of start just in a small market—you know, how do you keep them down on the farm once they see the farm. I think what happens in our company, too, is that often happens from major centres, who are at a certain level, move into perhaps a little bigger job in a smaller station. We have a perfect example of that in the letter I just read to you from Wally Everitt who was sales manager of one of our larger stations and a chance for management came along, so that it was a perfect place for him to move and become a part of that broadcasting organization.

**The Chairman:** Yes, but your best broadcasters aren't in Vernon?

**Mr. MacKay:** No.

**The Chairman:** If I could just put my question perhaps another way—in baseball, it really doesn't matter because baseball is baseball, but we are dealing here with a terribly significant community product, i.e.—broadcasting, and it seems to me a listener in Vernon is just as important as a listener in Toronto and may very well be in need of better service.

**Mr. MacKay:** Well, let me tell you. There are some announcers in our small markets who are better than an awful lot of announcers in large markets, but there is a thing that happens with talent, and sometimes it is in lieu of pay, and that is the recognition from the largest possible audience. Many a man has gone from a small market to find later on, to his own dissatisfaction, that there was a lot to be said for what was going on back home. In other words, you cannot say categorically that the best broadcasters are in the largest markets. I think some of the very best broad-

casters in this country are in the smallest markets.

**The Chairman:** But a bad broadcaster doesn't last in a big market?

**Mr. MacKay:** Nor a small market, really.

**The Chairman:** Nor a small market?

**Mr. MacKay:** No.

**The Chairman:** You made a reference, Mr. Speers—your background I know is in news.

**Mr. Speers:** As a matter of fact, my background is in management. I just happened to get in the news.

**The Chairman:** Well, news is your specialty? You know a great deal about news, don't you?

**Mr. Speers:** Well, that is part of the piece. You may have gathered that impression when I appeared here as President of Broadcast News.

**The Chairman:** I was going to ask you a specific question about news. There is a reference in the brief somewhere which I can't find at the moment referring to "rip and read" radio stations and I am delighted that the brief honestly concedes that such things as "rip and read" radio stations did in fact exist. The brief puts them in the past tense. Do you think that there are no more "rip and read" stations anywhere in Canada?

**Mr. Speers:** Well, I think there is a technique even with rip and read so-called. A news story comes to you off a wire—a piece of paper, and with a pencil, by changing a few words, you can make it your own story. There is a great deal of that.

**The Chairman:** That is done now?

**Mr. Speers:** That is done now every day even in places where you have small newsstands.

**The Chairman:** Well, what do you do in Vancouver?

**Mr. MacKay:** Well, we have Mr. Hutton here.

**Mr. Fortier:** Well, perhaps Mr. Hutton can tell us how the absence of your two daily newspapers in Vancouver in recent weeks has affected your news broadcasts?

**Mr. W. M. Hutton, News Director, CKWX Radio Limited:** Well, to begin with, we



instituted additional news broadcasts the morning the paper stopped publishing. We put brief broadcasts in on the half hour. These were also intended to be vehicles for carrying public service announcements such as death notices, funeral announcements, birth announcements, and so on. We have been rather pleased with the way things have worked out so that when the disagreement is settled out there, we intend to keep them.

**The Chairman:** Do you?

**Mr. Hutton:** Yes.

**The Chairman:** Commercially—for sale?

**Mr. Hutton:** Hopefully commercially, yes.

**The Chairman:** Mr. Hutton, the special study, which this committee caused to be done on Vancouver, paid due homage to radio. It wasn't critical of radio but it said that the radio newcasts, the public were finding, were really not a substitute for the newspapers. In my opening statement this morning I referred to Mr. Jack Webster and if you saw the program on television Sunday night he said "Speaking as a radio man that they just couldn't do the job."

**Mr. Hutton:** I don't think we can. We pretend to do the job the newspapers do. I think people miss their newspapers and there is no doubt about that. They miss them for a multiplicity of very personal reasons; their interest in the stockmarket, their interest in a particular sports columnist who they like to read; maybe they want to keep up with Dick Tracy—you know, there are so many things; but I don't think—really I would disagree to the extent that the comments that I have heard was that it wasn't for a lack of hard news that people missed the papers.

**The Chairman:** It was for other things?

**Mr. Hutton:** It was for other things. It was for in-depth news, it was for signed commentary, this type of thing.

**Mr. MacKay:** Well, Mr. Hutton, while you are talking, it might be interesting for the committee to know about your development in trying to bring signed commentary to the station.

**Mr. Hutton:** Well, this was something I was going to say in talking about the small stations. I am now trying to put together, and have been for some time, a series of brief commentaries which, hopefully, will be from all parts of Canada under the sort of broad

title of explaining one part of Canada to another. This would also be available to all of the stations—as a matter of fact, available to the smaller stations without charge, and they could make use of it as they wish.

**Mr. MacKay:** I don't want to cut off the discussion about news because it is the life blood of our stations, but before we go any further I should mention that this kind of service represents some of the things that group ownership does provide.

**The Chairman:** Are there other questions that the senators have? Senator McElman?

**Senator McElman:** Just following up the Vancouver situation. In the current context and your special efforts to provide additional service in the vacuum of print news, have you found the CRTC regulations with respect to the amount of time you can have as paid time in providing service—have you found these regulations rather restrictive of what you want to do for the community?

**Mr. Hutton:** Not in this particular instance, no, I can't say that I have. I have long felt, however, that the lack of commercials in the body of newscasts in Canada has tended to reduce the length of broadcast. You can only go so far without putting in a commercial.

**Senator Sparrow:** Why?

**Mr. Hutton:** Well, eventually you have to pay for the radio station. It is not subsidized by all of us as the CBC is. It is strictly a commercial proposition.

**The Chairman:** Mr. Speers?

**Mr. Speers:** Well, I think the radio stations carry as much advertising as is reasonable for their audience to begin with. It would be possible for us perhaps to run longer newscasts if we were allowed to put commercials in the beginning of them, but to make an exception because there was a newspaper strike—we wouldn't even ask the CRTC if we could do it. We wouldn't dare to put them in a position—if you like the word—of authorizing strikebreakers taking advantage of the situation.

**Mr. Fortier:** Do you think people listen to radio programs or television programs because of the commercials which they will hear or which they will see?

**Mr. Hutton:** I think they do to some extent yes.



**Mr. Fortier:** Do you think this is an important factor for the viewer or listener?

**Mr. Hutton:** I think it is, yes.

**The Chairman:** I don't want to cause consternation in the home front, but as Mr. Hutton was saying yes, some of the people on the other side were saying no.

**Mr. MacKay:** Well, it is sort of an example of the independent thinking we now have. I think that is a generalization that we could talk about all afternoon. But I just go back for a moment...

**The Chairman:** Well, let us just deal with his one for a moment. You don't agree with Mr. Hutton?

**Mr. MacKay:** Well, I think I could say this. Some commercials are more attractive than others and to the extent that they are appealing and attractive, I think people find them pleasant. There have been, as you know, some hit songs that have come out of commercials—you know, million record sellers; a lot of talent has been born as a result of commercials, singing groups that have become identified through a commercial and become top entertaining stars. So I would say yes, there are many inherent benefits to what you call the good commercial. I would also have to say that all commercials don't have all of those qualities and perhaps are not produced for that purpose.

**The Chairman:** Don't the people go away from the television set when the commercial comes on?

**Mr. MacKay:** No, I don't think so. I know there was some measurement made in London and they found that the water closet level went up between breaks...

**The Chairman:** Yes.

**Mr. MacKay:** However, that is a British habit! It is a case of bad kidneys and not bad commercials.

**The Chairman:** You think a study in Canada would be different?

**Mr. MacKay:** Well, I don't know about that particular aspect of the study, but I would say that by and large our approach to commercial broadcasting in Canada is infinitely better than that in Britain.

**The Chairman:** Would you compare it to that of the United States?

**Mr. MacKay:** Well of course, I think we are so far ahead of the United States, and I think Mr. Johnson kind of confirmed that when he was here last week.

**The Chairman:** Are there other questions the Senators have because we do have another brief. If not, I am going to terminate—you are going to say something, I am sorry.

**Mr. MacKay:** I was just going to say one closing thing to Mr. Fortier's question about group ownership and keeping talent in the smaller market. One of the greatest single assets a multi-owner has, if he is fortunate enough to have an interest in a radio or television station in the small market, is a very exciting challenging means of keeping very good people in that marketplace. The chance to grow. Now, even somewhat larger markets—David Penn is a perfect example—an outstanding broadcaster and manager of a radio station who had reached the point where he wanted to try his wings elsewhere. We bought a television station, he is running it and he is as happy as a clam. We couldn't be happier either and I think this is in the public interest. It is showing it in terms of audience that it is hard to keep them down on the farm.

**Mr. Fortier:** I think I should thank you for your comment and I should point out that our Mr. Spears has just informed me that a similar study was done to the one that was done in London, England—was done by *The Financial Post* some months ago and it coincided with the conclusions of the British studies, so our kidneys are not any better!

**Mr. MacKay:** Well,...

**Mr. Fortier:** I mean our programming is not any better.

**Mr. MacKay:** I would also think that you might want to look at *The Financial Post*.

**Mr. Fortier:** Mr. Chairman, I wonder if we might be able to hear from Mr. MacKay very briefly on his reaction to the recent CRTC proposals to increase Canadian content?

**The Chairman:** Yes we can, but I will make that the final question.

**Mr. MacKay:** Well, Mr. Chairman, I think that we have learned a great deal in broadcasting and those of us—and there are people here present before this Committee with me today, who can take you back through a whole list of regulations that we used to have,

regulations that froze the power of private broadcasting, which made it possible therefore for U.S. channels to grow and use those frequencies at maximum power. We have had regulations which said you will not broadcast the news or record after 7.30 at night. We have had regulations that said you will not broadcast a spot announcement after 7.30 at night and you will not quote a price. So through the years we have had a lot of regulations. We have learned one thing. Those that are not practical, simply will not work.

Now, in connection with the new proposed Canadian content regulations, I think that the very form which is proposed as a regulation is an old form and definitely calls for a reply in the old pattern. It seems to me that we haven't got a problem with U.S. content in Canada basically. What we really have is a problem of Canadian content; quality Canadian content, and I am a very firm believer that what we really need is not necessarily more Canadian programming, but better Canadian programs that more Canadians will watch. It seems to me that we have reached a point where all of us really have to understand not only the reasons for the more Canadian content and how to get from the goal of 40 per cent Canadian content to a 60 per cent Canadian content goal, but also how, in the doing, we end up with a stronger Canadian society and healthier broadcasting industry.

Now, when you face that kind of a situation it seems to me we have to approach that problem differently. I am a strong advocate that this regulation is to become a fact and of a brand new approach. Now, we are proposing an approach to the CRTC—we have not submitted it to them yet, but I will merely say to you that I think its underlying base is incentives. We have to try to create more pride in Canadian programs and less of a sense of compulsion. I think we have learned this lesson in so many, many other disciplines, that encouragement, reward and incentives, I think, will go a long way to really get at the root of the problem which is better quality Canadian content.

**Mr. Fortier:** That is a very complete answer and I don't want to ask you what those incentives will be that you will put before the CRTC next month, but I am tempted to ask you this: why have you not made any concrete proposal until the CRTC came forth with its proposed regulation?

**Mr. MacKay:** Because I think that we have been pretty busy in broadcasting. Number

one—we have been pretty busy in terms of getting used to our television responsibilities learning the skill of TV. We have been busily enmeshed in the cablevision world recently we have been devoting an awful lot of time to the implication of educational television and that is a whole story in itself which think will stagger this committee, but really it is a case of too much to do in too little time. Now, up until this moment we were going along fine. This represents in my view a dramatic change, a new goal, and this is why when the regulation came out it is important enough that I think we must pause and consider it very carefully.

**Mr. Fortier:** The goal is a legitimate one, is it not?

**Mr. MacKay:** Yes.

**Mr. Fortier:** It is the means which you question?

**Mr. MacKay:** I think all goals of that nature—anything that will strengthen our country and if this will indeed strengthen our country it is the most valuable of goals.

**The Chairman:** Perhaps I could conclude the hearing by quoting your own phraseology of just a moment or two ago when you said you had too much to do and too little time to do it. I think you should realize that the members of this Committee realize just the extent to which private broadcasters are involved with various Government agencies, organizations, bodies, committees, subcommittees hearings and I think it is important for you to know how this Committee sees itself. We realize, and we hope you do, that this by no means a CRTC hearing in any shape or kind or description; it is not a Royal Commission on Broadcasting, but it is attempting to bring the entire Canadian media picture in some kind of perspective and I suggest to you that had we gone ahead, without any reference to the broadcasting industry, broadcasting would be understandably critical; and so we have been anxious to bring some representative broadcasters before the committee. Saskatchewan Holdings is a significant member of the broadcasting community, and we felt it would be a useful organization to have before the Committee. We appreciate your coming, we appreciate you bringing your full team, we appreciate the brief you have prepared which will be quite valuable to us.

**Mr. MacKay:** Among other things it is to prepare yourself for a meeting among friends.



**The Chairman:** Thank you very much. Short recess.

Short recess.

**The Chairman:** Honourable Senators, if I may call this session to order. The second brief we are going to receive this afternoon is the submission from Moffat Broadcasting Limited.

Seated on my immediate right is Mr. Randall L. Moffat, the President of Moffat Broadcasting Limited. On his immediate right is Mr. James M. Pryor, the Chairman of the Board, and on the extreme right flank is Mr. Ron Mitchell, who is the Executive Vice-President.

Mr. Moffat, I know you were here for the earlier presentation and so I don't need to repeat all of the things I said at that time. The procedure we follow is simple; you make an opening oral statement and then we ask you some questions on your oral statement, on your written brief, or anything else which may be on our minds. If you wish to refer any of the questions to your colleagues, please feel free to do so.

Welcome.

**Mr. Randall Moffat, President, Moffat Broadcasting Limited:** "As the Chairman has mentioned, my name is Randall Moffat and I am the President of Moffat Broadcasting Limited. With me, as he has also indicated, is Mr. Jim Pryor and Mr. Ron Mitchell.

In our brief, we attempted to answer many of the original and supplementary questions of this committee. Some questions, for example, copyright and the effect of American controlled advertising agencies on the advertising industry are of such a technical nature or involve such intimate knowledge of subjects that we prefer to leave them to experts in those fields. We have filed, on a confidential basis, the financial information requested by the Committee.

You will have noted in our brief that we have outlined the organization of our company, its ownership and its beginning. Briefly, Moffat Broadcasting was founded by my late father, Lloyd E. Moffat, in 1931 and has gradually grown to the present position where we operate radio stations in principal cities of western Canada as well as having interest in two companies, CJAY-TV in Winnipeg, and Metro Videon Limited, which is a TV company serving a portion of greater

Winnipeg, which are of concern to this committee.

In our formal submission, we have touched on the philosophy of local programming held by our company and also have discussed what we view as the responsibilities of broadcasting to the community.

While it is not our intention to take up the time of the Committee by covering in detail the material contained in our brief, I would like to take a few moments to re-state our views on the ownership of mass media, which is of primary interest to the Committee.

We do not view the broad holdings of one firm in itself as harmful. To the contrary any social desirable benefits result. In our case, Moffat Broadcasting Limited has been able to provide exposure and encouragement to Canadian talent. The Maple Leaf Music System and the Lloyd E. Moffat Awards are two such projects that we have described in our brief.

In co-operation with the stations of CHUM Limited, we have been instrumental in developing the Canadian Contemporary News system, an all-Canadian news service of which we are very proud. Another advantage that we have in group ownership is the integrity of our news reporting at the local level which is protected and the financial stability of our company has allowed us to undertake expansion and improvement of our broadcast facilities.

We have been able to provide professional management in administration, programming and engineering, which assists us improving the service to our communities. We firmly believe that group ownership will continue to play an important role in the development of Canadian broadcasting.

One aspect of media ownership that does concern us and that is the situation where all media in a given city are controlled by one owner or group of owners.

"We cannot suggest, however, rigid rules for the limitation of ownership that can be applied with equal force across Canada. We submit that each individual community presents a different set of circumstances. The degree of concentration must be assessed against—in the first place—the availability to the public of the effective competition for the dissemination of opinions and information and, two, against the economic ability of the city to support additional outlets.



"We would also like to take this opportunity to address ourselves to the statement of Lord Thomson that 'a licence to broadcast is a licence to print money.' I believe Mr. Ray Crépault, President of the Canadian Association of Broadcasters, when he appeared before you, suggested that the remark of Lord Thomson was the 'most unfortunate comment ever made about broadcasting.'

"Making the statement is not what is unfortunate. The attitude that prompts such a statement is what we regard as unfortunate. To us, a licence carries with it as many responsibilities and obligations as it does rights and privileges. While it is true that broadcasting stations are granted the exclusive right to occupy a specific frequency, new stations are continually being licensed. To a degree, economic protection is afforded by the Canadian Radio and Television Commission in order that certain goals set by the Broadcasting Act can be attained. As many stations in Canada explain losses in their operations, it is evident that this economic review by the Commission is not a guarantee that broadcasting stations will make a profit.

"I presume even Lord Thomson would agree with us now as he has announced the sale of his broadcasting interests.

"I think it should be mentioned that broadcasters, in carrying out their responsibilities, have had to deal with two basic considerations that confront Canadians in every aspect of our lives: the first is our relatively small population that is dispersed in one of the largest countries in the world; the second is the presence in the United States of a large, wealthy, and aggressive neighbour. In the light of these two undeniable facts of life, we believe that Canadians are fortunate to have both the quality and quantity of broadcast service they enjoy. Both the private and public sectors of broadcasting provide a service, both in radio and television, which represents one of the prime forces that are at work in keeping Canada together, both in a political and social sense.

"It must be remembered, as well, that it is impossible for each individual broadcaster to cater to every expectation that Canadians have of their broadcasting service. I would hope that this Committee, in assessing the role of broadcasting as part of the mass media, will remember that the service provided by our industry is the sum total of all broadcasting within that particular community. When taken as a whole, the industry

provides a broad spectrum of service in order to satisfy individual tastes and needs.

"Moffat Broadcasting is proud of the contribution we make in providing broadcast service to Canadians in western Canada. We do not pretend to be all things to all people, but we do feel we give a full service to the audience we attempt to serve."

That concludes our formal statement, Mr. Chairman, and myself and my colleagues will be prepared to answer any questions that you may wish to put to us.

**The Chairman:** Thank you very much, Mr. Moffat. I believe the questioning this afternoon will begin with Senator Sparrow.

**Senator Sparrow:** Mr. Moffat, in the concentration of ownership which you referred to verbally, did I understand you to say that you thought it was a bad thing to have the ownership of all media in one area. Is that what you said?

**Mr. Moffat:** Yes.

**Senator Sparrow:** I mean newspaper, radio, television and perhaps cable; is that correct?

**Mr. Moffat:** Yes.

**Senator Sparrow:** As such the broadcasting without the printed word is not a bad thing. Is that what you are suggesting?

**Mr. Moffat:** Well, as we suggest, I think it has to be a question of looking at some specific market and determining what other radio stations, for instance, exist, what other television stations exist, whether newspapers exist and whether there is a cross-ownership between broadcasting and print.

**Senator Sparrow:** Are there any markets in Canada today that you would say concentration of ownership is detrimental to the listening public or reading public?

**Mr. Moffat:** Not that I am aware of, senator. Of course, I am speaking of western Canada.

**The Chairman:** How about eastern Canada or do you just want to confine your remarks to western Canada?

**Mr. Moffat:** Well, it is not that I wouldn't like to speak about eastern Canada, but I am just not familiar with it, Mr. Chairman.

**The Chairman:** You say at page 23 and you stated orally that you find undesirable:

"any situation where all media within a given market is controlled through one owner or group of owners."

And you can think of no such situation in western Canada?

**Mr. Moffat:** No I can't. There may be some smaller situations perhaps in the interior of British Columbia where that might exist. I am not familiar with any specifics.

**The Chairman:** How would you classify Regina?

**Mr. Moffat:** Well, in Regina there exists for competitive purposes additional radio stations. There is one additional television station to the key owner which seems to be the Siftons in that part of the world. The unfortunate aspect, I think, of their ownership is the existence of one newspaper. However, I think that they were the pioneers in that part of the world and have certain built-in investments in the community.

**The Chairman:** Senator Sparrow?

**Senator Sparrow:** Specifically then, how much is too big or how much is too much—referring to Regina again—should any special provision be made as an example in Regina at this time? Do you consider it a dangerous situation now or in the future, has it the potential of being a dangerous situation?

**Mr. Moffat:** Well, I think that the degree of concentration that exists in Regina is such that it should be watched and I wouldn't think that it would be in the public interest to expand or lead to more concentration in the Regina situation.

**Senator Sparrow:** How would you control that then?

**Mr. Moffat:** Well, unfortunately the only control the people of Canada through Parliament can exercise in the broadcasting industry is through licensing of the Canadian Radio and Television Commission.

**Senator Sparrow:** So from that example you can't set up a basic principle of ownership necessarily?

**Mr. Moffat:** No, I don't think you can. I think it becomes about as close to the line, so to speak, as one can get.

**The Chairman:** I would like to ask you—in Edmonton you have 45 percent of a radio station—CHED, is that correct?

**Mr. Moffat:** Yes.

**The Chairman:** Do you think it would be desirable in Edmonton to have an alternative daily newspaper to the Journal?

**Mr. Moffat:** Yes, I think it would be.

**The Chairman:** You think it would be?

**Mr. Moffat:** Yes.

**The Chairman:** Do you think it would be financially possible to start a daily newspaper in Edmonton?

**Mr. Moffat:** Not from—and I am not an expert and I don't purport to be in the print media, but what I have read and what I am told is that it would take a tremendous amount of money to even have a crack at starting a new daily newspaper in Edmonton without any guarantee at all that it would be successful. I think that the Edmonton Journal enjoys an economic monopoly in Edmonton which would be very hard to break.

**The Chairman:** Even although there are 800,000 people in the market area?

**Mr. Moffat:** Yes.

**The Chairman:** These questions may be unfair because you are not a publisher and believe me we appreciate that. However, we are interested in having your views.

Senator Sparrow?

**Senator Sparrow:** I will leave that group ownership for a moment unless there are other questions on it.

**The Chairman:** Are there any other supplementary questions on group ownership? Well, we may come back to it, please go ahead.

**Senator Sparrow:** Well, still dealing with page 23, you say:

"Each of our stations have experienced the threat and, indeed, the actual loss of advertising business from vested interests with the community. Small operations may not be able to retain their integrity as easily as stations that operate within a larger framework."

Could you give us examples of what you are referring to there?

**Mr. Moffat:** Well, I won't name names, I think, for obvious reasons. I can give you one

example that came up as recently as two days ago where we had an unusual cancellation of business from a department store. While they gave other reasons, it came to our knowledge that the chief reason that they cancelled their advertising was because we were carrying some commercials from an employees' union. That is the kind of thing I mean and that particular case was as recently as two days ago.

**The Chairman:** Which station was this?

**Mr. Moffat:** Well, it happened in Winnipeg.

**The Chairman:** In Winnipeg?

**Mr. Moffat:** Yes. But this kind of thing happens and I think we can say this, that we have all had experiences in this type of situation.

**Senator Sparrow:** Would you find the same type of pressure from governments—provincial or federal?

**Mr. Moffat:** No, I haven't.

**The Chairman:** But the actual loss of advertising—are these always local advertisers or are they ever national advertisers?

**Mr. Moffat:** Basically local.

**The Chairman:** Basically local advertisers?

**Mr. Moffat:** Yes.

**The Chairman:** Do you ever bend to the pressure?

**Mr. Moffat:** No.

**The Chairman:** You just play it straight up the middle then?

**Mr. Moffat:** Yes. We listen to what their considerations are and if they have a valid point to make then we will adjust our policy.

**Mr. James M. Pryor, Chairman of the Board, Moffat Broadcasting Limited:** It is quite obvious that these advertisers have not found a sufficient amount of leverage against whatever the base is that they will operate from to cause us to deviate—I am not suggesting that at some time that couldn't happen because there may be some realities, but one of the great benefits of being able to have a number of local sponsors in different markets is so that you have that base and you are not at the mercy of any one advertiser.

**The Chairman:** Well, I think it might be useful to pull this matter out so that the

Committee could have it in its proper perspective. You say:

"Each of our stations have experienced the threat and, indeed, the actual loss of advertising business..."

I don't think we should view this out of proportion because this isn't a monumental problem is it, or is it?

**Mr. Moffat:** Well, it can be a monumental problem. I think we have an example in Nova Scotia, and my facts may not be correct where there was an occasion where a station lost its licence for this kind of thing.

**The Chairman:** That was the station in Yarmouth?

**Mr. Moffat:** Yes.

**The Chairman:** But within your own particular organization this is not a major problem?

**Mr. Moffat:** No, I wouldn't class it as a major problem.

**The Chairman:** It is a serious problem but not a major problem?

**Mr. Moffat:** It occurs.

**The Chairman:** Senator Sparrow?

**Senator Sparrow:** The problem that may get greater if you give in on one of those respects, in other words?

**Mr. Moffat:** I would think that it would.

**The Chairman:** Mr. Fortier?

**Mr. Fortier:** If I may, Mr. Chairman.

**The Chairman:** Yes.

**Mr. Fortier:** The reverse side of the coin Mr. Moffat; have you ever refused to carry advertising?

**Mr. Moffat:** Yes we have refused advertising.

**Mr. Fortier:** For what reasons?

**Mr. Moffat:** Well, because it didn't particularly fit our radio station—the sound of our radio station.

**Mr. Fortier:** Would you give us examples of that?

**Mr. Moffat:** To the type of audience to which we appeal. Well, certain personal hygiene products we refuse to advertise.



**Mr. Fortier:** Because the product did not fit the sound of the station?

**Mr. Moffat:** Or appeal to the audience that we were trying to serve—it wasn't in good taste in so far as our audience is concerned.

**Mr. Fortier:** Could you give us other examples?

**Mr. Moffat:** Well, we have refused advertising where we felt that some promotion or unusual financial thing was going to be inflicted upon our listeners, something we didn't feel was quite above board.

**Mr. Fortier:** Have you ever refused to carry advertising because it conflicted with, let us say, a competitive product which was already the subject of a commercial on a radio or television station?

**Mr. Moffat:** I am not sure I understand your question, Mr. Fortier.

**Mr. Fortier:** Supposing the T. Eaton Company in Winnipeg asked for some advertising time which it was ready to pay for and the Bay was one of your regular...

**The Chairman:** Well, I think that is a pretty hypothetical question. I don't think we need to specify the names of the companies.

**Mr. Fortier:** Well, I was asked to explain my question, Mr. Chairman.

**The Chairman:** Well, all right, as long as it is very clear on the record that it is hypothetical.

**Mr. Fortier:** It is a purely hypothetical question.

**The Chairman:** Fine.

**Mr. Fortier:** Now, merchant X comes to you and asks for merchandise...

**Mr. Moffat:** We have never refused.

**Mr. Fortier:** Pardon?

**Mr. Moffat:** We have never refused advertising...

**Mr. Fortier:** Because merchant X was in competition with merchant Y?

**Mr. Moffat:** That is right.

**Mr. Fortier:** That has never been the basis for a refusal?

**Mr. Moffat:** No.

**Senator Sparrow:** Does the Moffat interest extend beyond broadcasting as such? Does your company have ownership in any other fields?

**Mr. Moffat:** Well, in the cable industry in Winnipeg—if you include that in broadcasting—we have no other substantial investments.

**Senator Sparrow:** In industry or otherwise?

**Mr. Moffat:** No.

**Senator Sparrow:** In reference then to your remarks about threats as far as advertising and so on, a position of a conglomerate in the broadcasting field might tend to exaggerate this problem, if there was ownership between broadcasting news media and perhaps other industrial aspects—that this problem may exist?

**Mr. Moffat:** Well, the potential that the problem exists is certainly there.

**The Chairman:** Mr. Pryor?

**Mr. Pryor:** I wonder if I might just add a comment to that. It would seem to me that the potential would exist if that conglomerate were sufficiently large that it became percentage-wise relatively important against the whole spectrum of the advertising community that was at hand to a broadcasting station. And only at that time, if it did so become that big or that important—simply because advertisers know that they are not refused space on a radio station, or in a newspaper—I just assume it is the same way—unless their advertising is in bad taste, or illegal, or contravenes the laws; this type of thing. I really can think of no other reason why anyone would be turned away and neither can advertisers, so I really wonder that such an abuse would occur.

**Senator Sparrow:** Maybe I should ask you for a further explanation. This vested interest in the community—are you referring to perhaps the withdrawal of advertising or editorial comment?

**Mr. Moffat:** That would certainly be the most primary way that that conglomerate of broadcasting media could make itself evident.

**Senator Sparrow:** Leaving that for a moment. Could we have your comments on the new CRTC regulations?

**Mr. Moffat:** Well, as far as the television regulations are concerned, the station in

which we have an investment—channel 7, is about halfway through the preparation of its presentation to the Commission. We can't really identify how the new content regulations will affect us at this point in time. However, we are very concerned with the position that channel 7 finds itself in with regard to American competition which we feel is rather a unique situation.

**The Chairman:** Would you describe that situation in a little more detail, please?

**Mr. Moffat:** Well, the primary competition that we are talking about is the existence of KCND in Pembina, North Dakota, which is a village, I think, of approximately 200 people. The antenna that KCND broadcast from is located about ten yards south of the 49th parallel...

**The Chairman:** How far is it?

**Mr. Moffat:** About ten yards.

**The Chairman:** Ten yards?

**Mr. Moffat:** Yes, from the 49th parallel and it is there for the express purpose of broadcasting to Winnipeg.

**The Chairman:** Senator Beaubien?

**Senator Beaubien:** That is your big competition in your market?

**Mr. Moffat:** Well, in addition to the Canadian Broadcasting Corporation.

**Senator Beaubien:** Yes.

**The Chairman:** Therefore you suggest or you recommend to the committee legislation similar to that in print and to quote your brief:

"... whereby advertising expenditures by Canadian companies on foreign broadcasting stations become non-deductible items for corporate tax purposes."

**Mr. Moffat:** Right.

**The Chairman:** And that is a recommendation which you make to the Committee?

**Mr. Moffat:** Yes.

**The Chairman:** May I ask you in making that recommendation have you considered the possibility that these advertisers would simply, with the extent to which the Canadian economy is controlled by American companies, that they would simply place this advertising through American head offices

and would therefore circumvent the legislation.

**Mr. Moffat:** Well, certainly that applies in connection with national advertising and there may not be anything that the legislative change could do to effect that, but as far as local advertising is concerned, I think we would find it would terminate that.

**The Chairman:** Well, I think the Committee would be terribly interested in knowing if you could tell us the extent of local advertising on this channel?

**Mr. Moffat:** Any figure that I could give would be just a straight guess and I would think...

**The Chairman:** Well, it would be an informed guess.

**Mr. Moffat:** Well, I would think it would be about \$400,000 a year in case of KCND.

**The Chairman:** And these would be local Winnipeg advertisers who buy advertising on this station?

**Mr. Moffat:** Right.

**The Chairman:** What would the national advertising figure be?

**Mr. Moffat:** I have really no idea.

**The Chairman:** It is perhaps unfair to ask you. I am not trying to put you on the spot.

**Mr. Moffat:** No; it is not really an unfair question, but I just don't know.

**The Chairman:** Senator McElman?

**Senator McElman:** Of that local advertising, what percentage of the total TV dollar being spent in that area would that \$400,000 constitute?

**The Chairman:** Do you understand the question?

**Mr. Moffat:** Yes. I would think about 20 to 25 per cent.

**Senator McElman:** It is substantially enough.

**The Chairman:** And you think the legislation even if they could circumvent it nationally in the way I have suggested, locally could not be and it would in effect draw the advertising back into Winnipeg television?

**Mr. Moffat:** Right.

**The Chairman:** Or other Winnipeg media?

**Mr. Moffat:** Yes.

**The Chairman:** Can you back that theory up?

**Mr. Ronald Mitchell, Executive Vice-President, Moffat Broadcasting Ltd:** These people have to advertise to stay in business. They have to spend the money either in TV, radio or newspapers.

**The Chairman:** Have you ever, Mr. Mitchell, conducted any kind of a random survey or sample to find out what these people would do? Have you ever said to these local advertisers, "Look, what if you couldn't use this channel, what would you do?"

**Mr. Mitchell:** Yes, I have.

**The Chairman:** And what do they say?

**Mr. Mitchell:** Well, they said that they were getting a pretty good price on it and did we know that we are not hitting the entire market but we are hitting it enough to make a dent on it and we are going to continue doing it.

**The Chairman:** Yes, but if they couldn't have it—do they say they would go in to other Winnipeg media?

**Mr. Mitchell:** You have to look at the type of business, Mr. Chairman, and these people need to get customers into their business.

**Mr. Jim Pryor:** It seems to me the same customers, Senator Davey, that are advertising—they are advertising on the other media other than Winnipeg—they are advertising on his station in Pembina and as a result they would not terminate their advertising in Winnipeg if indeed Pembina were not available to them, but they are able to provide them with programs of great popular appeal during the prime periods when the CBC and CTV television stations are running Canadian content which may not have great public appeal.

**The Chairman:** What network is Pembina affiliated with?

**Mr. Moffat:** ABC.

**Mr. Pryor:** Yes, ABC, primarily.

**The Chairman:** This is perhaps a very unfair question to put to you because you couldn't be expected to know but you might with your knowledge of the broadcasting.

Would that \$400,000 figure exceed the local advertising on other similar stations—like Bellingham and Buffalo and so on?

**Mr. Moffat:** The local advertising?

**The Chairman:** Yes.

**Mr. Moffat:** I don't know.

**The Chairman:** Yes, I realize that it is a pretty tough question to put to you.

**Mr. Moffat:** I know that KVOS takes a lot of money away from the Canadian stations in the Vancouver market but whether they do locally as much as they do nationally I am not sure.

**The Chairman:** Mr. Fortier?

**Mr. Fortier:** Do you think, Mr. Moffat, that this Pembina station was set up to fulfil a need of Winnipeg advertisers or was it set up to fulfil the need of Winnipeg viewers?

**Mr. Moffat:** Well, I think it was set up to fulfil a need of American shareholders primarily. People watch the station and it is obviously providing somewhat of a service to them.

**Mr. Fortier:** By and large why do the local advertisers use that medium rather than CJAY TV?

**Mr. Moffat:** Basically the question of cost.

**Mr. Fortier:** You cannot offer competitive prices, is that correct?

**Mr. Moffat:** That is correct.

**Mr. Fortier:** And neither does the CBC affiliate?

**Mr. Moffat:** That is correct.

**The Chairman:** Senator Sparrow?

**Senator Sparrow:** Has Canadian content at this time have anything to do with that? Is this what you are talking about—the Canadian audiences preferring that type of thing?

**Mr. Moffat:** No, not in that direct connection. Certainly the requirements that are made of us under the Broadcasting Act to do with Canadian programming, increase our cost of operation versus what it does cost the American stations to operate. They don't have to charge as much for their advertising minute as we have to. In that connection, the content regulations are a factor.

**Senator Sparrow:** I am just quoting from the Edmonton Journal and it says in refer-



ence—and editorial reference to the changes it says:

"All it will do among 55 per cent of Canada's television viewers—the ones within the antenna reach of American television or cablevision—is cause them to watch more U.S. TV. And the proof that they undoubtedly will comes from the CRTC itself: one of its studies shows that when viewers have a choice, right now 58 per cent of the time they will watch American programs." Would that be true now?

**Mr. Moffat:** Yes.

**Senator Sparrow:** And will that increase with this new Canadian content regulation?

**Mr. Moffat:** It is our hope that it wouldn't; it is our fear that it will.

**Senator Sparrow:** It is a fear?

**Mr. Moffat:** Yes.

**Senator Sparrow:** Is there any percentage figure you can give us?

**Mr. Moffat:** No. As I said we are just about halfway through our study as far as Channel 7's programming is concerned so we don't have any final figures to give you.

**Senator Sparrow:** Just as a matter—the editorial goes on and it is rather humorous because they make reference to new programs or Canadian programs to take the place of existing programs and some of them—I won't read them all but there appears a new program "Let's Make a Deal": Two dramatic hours with a used car salesman." The next program, "Great Expectations: A rerun of the Speech from the Throne." "Of Human Bondage: A small businessman examines Benson's tax proposals. The Flying None: (spelled N-o-n-e) An in-depth Six-hour review of historic Canadian air strikes.

**The Chairman:** Are you leaving the CRTC Regulations?

**Senator Sparrow:** Yes.

**The Chairman:** I am wondering—I am sure the Committee would be interested in Mr. Moffat's comments on those that affect radio.

**Mr. Moffat:** We don't anticipate meeting with much difficulty the content requirements of the Commission so far as AM radio is concerned.

**The Chairman:** Thank you. Senator Sparrow?

**Senator Sparrow:** In the next few years what do you foresee as changes in programming as far as radio is concerned? I think perhaps I ask this in the context of a switch from AM to FM as an example for competition and so on in total programming. Do you see a drastic change from as it exists today?

**Mr. Moffat:** Perhaps Mr. Pryor or Mr. Mitchell would like to answer that. It is a personal question—I don't anticipate any change in the kind of program that AM radio is doing now. If anything, I think it would continue to be closer to the community than perhaps it is now. I think the change that started with AM radio when television hit the broadcasting scene about 1950 or 1951 is probably not a complete change yet. I think radio will still move towards this localization.

**Senator Sparrow:** Will there be a switch from AM to FM in the foreseeable future?

**Mr. Moffat:** I don't think so in Canada.

**Senator Sparrow:** You don't think so?

**Mr. Moffat:** No.

**The Chairman:** Mr. Pryor?

**Mr. Pryor:** If I may just speak to that.

**The Chairman:** Yes?

**Mr. Pryor:** There are areas in the United States, where there is a drift so to speak from AM to FM but I think if those areas are examined, one will notice that the spectrum space for AM radio stations is completely non-existent and the desire for variety and additional service therefore had to be taken up in the FM frequencies because that was all that was available. There are not any areas in Canada—there are some but not many areas where the spectrum space is completely utilized in the AM field, so in answer to your question I don't anticipate FM replacing AM radio in this country in the foreseeable future. I think it will provide an additional service but it will be a supplementary service to serve minority groups and minority type audiences more directly and merely give additional variety in the system, but not act as a replacement.

**The Chairman:** You say at page 4 of your Brief—

"We discovered that specialization in the sense of consistently serving the needs of an identifiable segment of the population would be the future role of radio."

Does this mean that for each of your stations you horn in on a specific segment of audience?

**Mr. Moffat:** Yes. We don't try to provide service to everybody within a given market.

**The Chairman:** Well, is the audience that you are after the same in every market or...

**Mr. Moffat:** We are after different audiences.

**The Chairman:** Different audiences in different markets?

**Mr. Moffat:** Depending on what...

**The Chairman:** Well, could you tell us what those audiences are?

**Mr. Moffat:** Well, in Winnipeg, the audience is primarily adults over 25 years of age. In Moose Jaw where it is a single station market...

**The Chairman:** Yes.

**Mr. Moffat:** We do try to provide block programming that will satisfy a whole range of desires. In Vancouver for instance we serve an audience that we identify as being up to the age of 35.

**The Chairman:** Under 35?

**Mr. Moffat:** Yes. In Calgary and in Edmonton we have a slightly different position that somewhere between the Vancouver and the Winnipeg situation.

**The Chairman:** It is 25 to 35 you mean?

**Mr. Moffat:** It is basically 25 to 49 in Calgary and Edmonton.

**The Chairman:** Do you think that if radio stations attempted to reach identifiable segments, does it become important that some agency, presumably the CRTC, ensure that all segments are reached in multiple station markets. In other words, what would happen in, well, let us use a city that you are not in—Toronto. In Toronto if all the radio stations decided to horn in on the same market, the same segment to use your words, some segments presumably would be ignored. Can this decision be left to the marketplace or should the CRTC or some other agency determine what the regional balance will be?

**Mr. Moffat:** Well, I think the Commission has an opportunity to ensure diversity of service through the applications that they

receive to serve a given market like in Toronto. I think the economics of the marketplace would really mean that you wouldn't find that a majority of the stations were trying to serve one specific segment of the population.

**The Chairman:** You think it is a pretty academic sort of a problem?

**Mr. Moffat:** I believe it is. It has a tendency to work itself out.

**The Chairman:** Senator Sparrow?

**Senator Sparrow:** How do you determine these markets?

**Mr. Moffat:** Through audience surveys which are primarily done by the Bureau of Broadcast Measurement.

**Senator Sparrow:** Do you find that you are continually making changes because of this with regards to radio programs?

**Mr. Moffat:** No, not continually.

**Senator Sparrow:** In a particular radio station that you owned, say, for ten years, in that period would there have been many changes in programming in any particular market?

**Mr. Moffat:** Not many. There will have been some but not many. In Winnipeg for instance in the last ten years, we have had one basic change in programming policy.

**Mr. Mitchell:** I think the basic question is how do you determine which part of the people you want to serve.

**The Chairman:** Which segment?

**Mr. Mitchell:** Yes, rather than how do you measure it.

**Mr. Moffat:** Well, you have to sit down and you take a look at each individual market. If we feel that there is an avenue, that there is somebody that is perhaps providing service but not well maybe, that is an area that we would deem to be worth going after.

**The Chairman:** I think Senator Kinnear has a supplementary question and so does Mr. Fortier. I will take Senator Kinnear first.

**Senator Kinnear:** Mr. Chairman, my question is on programming. I was out of the room for a while but I am wondering if your Vancouver station—if you were flexible enough there to take advantage of more news during the newspaper strike?



**Mr. Moffat:** Mr. Mitchell, you were talking to Mr. Donald Hamilton the Manager of CKLG.

**Mr. Mitchell:** We didn't increase the news content that much for that reason. You have to understand that in Vancouver, while the official newspapers are not publishing, there are other newspapers being circulated with a wide distribution. The unions are publishing their own newspapers as you know and becoming a free enterprise.

**Senator Kinnear:** Yes, we did have a report on the other newspapers.

**The Chairman:** I note Senator Kinnear that Mr. Hamilton is in the room and I have asked Mr. Moffat if we could put a question to Mr. Hamilton—if you don't mind, Mr. Moffat?

**Mr. Moffat:** No.

**The Chairman:** I think Senator Kinnear's question is really basically how is your station responding to the absence of newspapers. What special steps have you taken and how have they been received in the community?

I should apologize. I realize that you weren't expected to be asked any questions but since you are here we might as well take advantage of your presence.

**Mr. Donald Hamilton, Manager, CKLG:** First of all, we took a good look at our news. I wouldn't say we expanded the amount of time that the news was taking but I would say that we were editing the news much more closely and trying to take a broader concept of the news in the time that we were normally devoting to it. We also undertook to retain some of the people who had been displaced in the walk-out or strike at Pacific Press, some of the feature writers of Pacific Press. We have also undertaken a rather massive service to the community that in some way perhaps might be tied to the strike or walk-out, in that we are conducting a rather intensive investigation into the use of drugs in the community and will be airing a 20 hour special starting next week.

**The Chairman:** Twenty straight hours?

**Mr. Hamilton:** Two hours a morning and two hours a night for five straight days.

**The Chairman:** What time in the morning and at night would that be?

**Mr. Hamilton:** 9:00 to 11:00 in the morning and 6:00 to 8:00 at night.

**Senator Sparrow:** Is that a repeat at night?

**Mr. Hamilton:** Yes, it is and in this particular regard we have retained a substantial amount of press people to develop this particular community need.

**Senator Kinnear:** Well, at the time I wonder if you would be able to keep them?

**Mr. Hamilton:** I would seriously doubt it because we had to retain them on a free-lance basis because they are union members with unions with which we are not affiliated and I would think that their first love would probably be to go back to work for Pacific Press.

**The Chairman:** Have you had any indication of any community response to these things?

**Mr. Hamilton:** No, I don't think in all fairness I have. I have no knowledge that it has been particularly well or particularly poorly received. People tend to take the news that they hear for granted and the fact that sometimes if you invest a significant amount of money for people in a particular effort the public aren't necessarily aware of that.

**The Chairman:** Have you picked up a great deal of commercial revenues—extra commercial revenues?

**Mr. Hamilton:** No, we have picked up very little as a matter of fact. In terms of percentage, we were operating at a fairly high percentage of efficiency when the newspaper went out and since that time we have filled up to the point of 100 per cent efficiency but that was not substantial.

**The Chairman:** Thank you. As I said we realize that you weren't expecting to be asked questions but we are grateful to have your comments.

**Mr. Fortier:** I think you had a supplementary question?

**Mr. Fortier:** Yes, Mr. Chairman. It goes back to Mr. Moffat's last answer to Senator Sparrow. This increased concentration of radio stations on particular segments of the community—what does it mean in terms of the future of CBC radio according to you?

**Mr. Moffat:** Well, I think the CBC radio at least in the markets that we are involved in or involved with in the last year, I would think have improved their presentation.

**Mr. Fortier:** In what way?



**Mr. Moffat:** If I can use the words and I know you will probably question me on it later—they have modernized their operation. I think that CBC radio got stale and I think that certainly they are garnering more audience than they ever had before.

**Mr. Fortier:** But in those areas where you have an interest in stations, which compete with the CBC, do you find that they are becoming increasingly a competitor to be reckoned with, although they cater to a broad spectrum of audience, whereas you try to hone in on a particular age group?

**Mr. Moffat:** I think that the CBC radio is doing a good job of public affairs broadcasting. It has kind of a universal appeal but I would think that they probably don't touch the high end of an age scale and they probably don't come close to the lower end of the scale.

**Mr. Fortier:** Is there a need for CBC radio in Canada today?

**Mr. Moffat:** Certainly in the outlying areas where no other stations exist and there aren't many of those.

**Mr. Fortier:** What about those areas where private broadcasters exist. Should the CBC get out of the radio field or should it continue to perform?

**Mr. Moffat:** Well, I would think to discharge their mandate under their Act they would have to continue in the radio field.

**Mr. Fortier:** Even if their audience dwindled to an infinitesimal number?

**Mr. Moffat:** Well, that is a difficult question. Suppose if nobody is listening, the station might as well be shut down. If it is not performing a service, if nobody is listening to it they just might as well shut down.

**Mr. Fortier:** Well, as you know their audience is very small, a very faithful audience but it is relatively small in areas such as Winnipeg.

**Mr. Moffat:** Well, that depends on what people—in those areas I think you will find the CBC radio is not that small—that they do have an average audience of 8 or 10 per cent and perhaps 12 per cent which isn't a small audience.

**Mr. Fortier:** Do you find that in those areas that they are competing on even terms with the private broadcasters, having access to the public purse?

**Mr. Moffat:** No. They have an advantage in competing with us. They have no limitation on the prices that they can pay for programs or people as we do.

**The Chairman:** Senator Sparrow?

**Senator Sparrow:** You would call them an effective opposition?

**Mr. Moffat:** Yes.

**Mr. Pryor:** They were effective in hiring people away at prices that we couldn't afford to pay and we needed to be competitive with in Winnipeg as an example.

**Mr. Moffat:** For people they certainly are effective competition. In a commercial sense we very rarely run into a CBC radio salesman that gives us any difficulty at all.

**Mr. Fortier:** What about CBC television in Winnipeg?

**Mr. Moffat:** Well, that is a different question.

**Mr. Fortier:** Would you rate the competition there from the point of view of manpower and from the point of view of programming?

**Mr. Moffat:** Would I rate the competition?

**Mr. Fortier:** Yes. How do you view that competition?

**Mr. Moffat:** In television?

**Mr. Fortier:** In television yes, in Winnipeg.

**Mr. Moffat:** The same situation applies.

**Mr. Fortier:** From your point of view, does the CBC television provide fair or unfair competition to Channel 7?

**Mr. Moffat:** I think they can do things because they have access to the public purse which we don't have. Some of their purchasing practices, that you have heard about before, are questionable in our view.

**Mr. Fortier:** Mr. Crépault, the President of the Canadian Association of Broadcasters told this Committee two weeks ago that the CBC should cease to perform as it presently performs. Are you aware of his presentation?

**Mr. Moffat:** Yes, I was here for the C.A.B. presentation.

**Mr. Fortier:** Well, as a member of the C.A.B. do you agree with that?

**Mr. Moffat:** Yes I do.

**The Chairman:** I would like to ask you—at page 4 in your Brief you talk about your attitude towards local programming and so on, you say:

“...Canadians can do little to influence the course of the war in Vietnam but they can and want to become involved in helping under-privileged people who may well live down the block.”

And then on the next page you talk about a program in Vancouver by Myles Murchison who recently completed a six-hour special on World Peace. Was that six one-hours or what exactly was that program?

**Mr. Moffat:** I would again ask Mr. Hamilton to answer that, Mr. Chairman.

**The Chairman:** Fine.

**Mr. Moffat:** Whether it was a six-hour package or a series of programs...

**Mr. Hamilton:** It was a complete one six-hour show on Christmas Eve—6:00 p.m. to midnight, for which we won an award as the outstanding community involved station of the year.

**The Chairman:** What was the theme of the program?

**Mr. Hamilton:** The theme of the program was World Peace with an additive survey of a cross section of the community—what peace means to me and an expression from individuals on the show, the relative importance of peace and the different aspects of peace, internal peace, world peace, poetry, drama and everything relating to peace.

**The Chairman:** Is Mr. Murchison an employee of the station?

**Mr. Hamilton:** Yes he is.

**The Chairman:** And a director?

**Mr. Hamilton:** He is our Director of Public Affairs.

**The Chairman:** Did Mr. Murchison anywhere on that program indicate that—and I quote the Brief “Canadians can do little to influence the course of the war in Vietnam...”?

**Mr. Hamilton:** Well, I can't recall that.

**The Chairman:** Do you think he conceivably...

**Mr. Moffat:** Those are my words.

**The Chairman:** I realize that but I was wondering if Mr. Murchison would have uttered those words on the program.

**Mr. Hamilton:** He may have but I don't recall.

**The Chairman:** Do you think there was that possibility?

**Mr. Hamilton:** Well, I can't really say...

**The Chairman:** I am not trying to be difficult but I just found that to be a very startling statement which I underlined when I read it. It seems to me that many people who listen to your Vancouver station and are familiar with it I don't think would share that sentiment.

**Mr. Moffat:** That they cannot do anything?

**The Chairman:** I think they can.

**Senator Sparrow:** What award did you refer to?

**Mr. Hamilton:** It was the Golden Leaf Award from R.P.M. Magazine.

**Senator Sparrow:** Did you submit it to the C.A.B. Awards?

**Mr. Hamilton:** Yes.

**The Chairman:** Let's talk about again—quoting your brief—“helping the individual relate to his community.” How specifically do you do that?

**Mr. Moffat:** Well, by providing Public Affairs shows, by finding out what an individual or groups are concerned about in a community.

**The Chairman:** Could you give us an example of the success that you have had?

**Mr. Moffat:** Well, in one instance in Winnipeg we have been very successful in attracting audiences with nothing but straight community news.

**The Chairman:** I meant something that you have achieved for the community?

**Mr. Pryor:** If I might comment?

**The Chairman:** Please, of course.

**Mr. Pryor:** I would like to speak to this and I would like to say something a little later in terms of the development of some of the needs of the community and in order of priority.

We, after having done such a survey of attitude and of needs, found that in the Calgary community and the Edmonton community—and indeed it may be extended to other communities in this country—that ignorance of the drug situation, simple drug education, knowing what was going on in the field of drug culture, abuses and all the rest of it was certainly something that was not present. A lot of people talked about it and the word “drug” appeared in the newspapers and was viewed on television but very few people really knew anything about it, particularly parents.

We undertook in the City of Edmonton and in the City of Calgary to put on a special as a pattern that we had developed—it was some 24 hours of broadcasting that dealt with this drug problem.

**The Chairman:** Over a 24 hour period?

**Mr. Pryor:** Again, broken up—two hours in the morning, two hours at night and over a six day period. We set aside this period and in co-operation with the Provincial Health Authorities and all of the various governmental authorities in our area and our city, developed drug kits that were distributed to thousands of people as a result of our show. They were primarily educational in nature.

**The Chairman:** What was the community response to this?

**Mr. Pryor:** We had thousands more requests for drug kits containing the information than we had drug kits to give them. We completely under-estimated the response. There was some negative response—we had some letters from people that said “You shouldn’t talk about this drug thing, it’s terrible”, and that was the point of the exercise.

**The Chairman:** You mentioned two cities, Calgary and Edmonton. Had the newspapers not done this sort of thing prior to your doing it?

**Mr. Pryor:** Well, it has been mentioned here but they made no big effort in our opinion to really focus on the problem in depth.

**The Chairman:** Mr. Moffat in dealing with drugs, the phrase you used which I wrote down was you analysed “what was going on” and presumably you explained where people get drugs, how they get them, how much they pay, what the cures are and so on. Did you in the course of this programming attempt to answer

the question why the young people take the drugs?

**Mr. Pryor:** You are addressing your question to Mr. Moffat?

**The Chairman:** Well, yes I did. I was probably looking at you...

**Mr. Pryor:** Yes we did. We shared the belief in what exposure we have had to this problem, that it is very similar to alcoholism and a lot of the other human ills that exist. I don’t think we will be able to wipe it out but we may come to a point where we understand it as a symptom of other basic motivations other than as an ill in itself. People take drugs for reasons and the successful treatment centres, we are aware of, are dealing in trying to satisfy the basic need and the reason the people are driven to particularly hard drugs. We have done a considerable amount of work, since this program started, in trying to help civic and provincial officials in setting up a drug treatment centre. This has been completely abortive because frankly we are finding very, very great difficulty in finding people who are qualified in this field and as a result we have made a couple of trips to the United States and to other places to view treatment centres where in fact this specific issue is brought to bear—they are attempting to treat the basic motivation with people who take drugs rather than the fact that—that they are addicted or are taking drugs.

**The Chairman:** I hope I can put this next question and I hope you won’t misunderstand the question. Given your earlier statement about horning in on a specific audience, would it be fair to say that the segments you are horning in on, at least in those two cities, are the people who might have the greatest need or the greatest interest in this type of information?

**Mr. Pryor:** Well, in a very simple answer, no. We hope that because we departed from our format in Calgary and in Edmonton of being primarily a musical source (this kind of an approach with news—two-hour block programming of this type is not our normal type of format) and in our departure we try to promote or we hope to attract people who are not normally within our audience. We do think that young parents who have children in the very early teens, well really from grade eight on up through the school years, are most faced now with the necessity for the education in this field; and we do feel that we



do have those parents as our audience, so in that respect yes. But to re-phrase the question, we don't feel that our audience are simply drug users. I am not sure if that was your inference...

**The Chairman:** Well, I suppose it was the inference but in an offensive way. You are suggesting then that this programming is directed at the parents rather than the kids?

**Mr. Pryor:** The kids, no.

**The Chairman:** Why don't you, Mr. Mitchell, editorialize on your station?

**Mr. Mitchell:** Well, I think we try to follow the Broadcasting Act which asks us to present a balanced presentation of information.

**The Chairman:** But does that preclude editorializing—I don't think it does because lots of other stations editorialize.

**Mr. Mitchell:** It doesn't really but we feel it is more important that we get all the sides of the issue exposed.

**The Chairman:** So in doing the kind of program on drugs which you have done and which we have been discussing aren't you really editorializing?

**Mr. Mitchell:** No we didn't really because we did have the open line going on. We presented the information—presented it for a half hour and opened up the phones and let the people call in. Now, when they call in, it gives both sides. We offer to let the people come on and we sought out the user who felt it was a great thing that they were using these drugs. No, we thought it was more important that we exposed both sides and try and let the people form their own opinion on it.

I think that some of the things that came out were rather shocking to us. The fact that some of the drug pushers are now carrying around magnum pistols is concerning the police enforcement officers in Edmonton, the fact that there is an alcoholics anonymous home in Edmonton—and yet there is nothing for the drug addict, the example of the young girl who went to the hospital in a coma or under the influence of drugs with her wrists slashed was bandaged up and released still under the influence of drugs—this is the type of thing that has come out and concerns us all very greatly.

**Mr. Pryor:** Senator Davey, there is one thing—there is a semantic problem and we

deal with it in broadcasting all the time and if I could just take the time...

**The Chairman:** Please.

**Mr. Pryor:** Defined the way we see it, but this may not be the way your question was phrased, and editorial to us is a very specific statement of a position by the licensee company of a broadcasting station. It says, we at Moffat Broadcasting believe that—whatever the case may be—that drugs are bad, are good or something in that context. In that sense we do not editorialize. We do however encourage commentary, observation, development of attitudes of various kinds in a balanced basis through controversy of opponents and this type of thing, which is popularly called editorial opinion or editorial commentary. In other words, it is a departure from the simplicity of saying a lady was run over by a car—it might have been a very horrible type of accident and I think we have a tendency of trying to put it in a little more human terms than that, but we don't consider that an editorial commentary. An editorial commentary to us is a statement of position by a licensee and that's a thing that we do not do. We do encourage commentary and we try to do so with opposing viewpoints and balanced viewpoints at all times.

**The Chairman:** Mr. Fortier?

**Mr. Fortier:** This is a new philosophy applied to AM stations, at least your AM stations, is it not—this investigation and report in depth of a particular problem which may afflict your community or the general Canadian community?

**Mr. Pryor:** Is it a new development?

**Mr. Fortier:** Well, this is a new emphasis, is it not?

**The Chairman:** This programming format you mean?

**Mr. Fortier:** Yes, that's right.

**Mr. Moffat:** Well, new within five years.

**Mr. Fortier:** Well, this sets the stage for my question. What has brought it about—because there has been—it is not only in the last five years—there has been manifestation of social ills in the Canadian community. What in the last five years has made it necessary for private broadcasters such as your team to present this sort of in depth study on your network?

**Mr. Moffat:** Well, I think it is part of our responsibility to recognize what kind of problems exist in the community.

**Mr. Fortier:** Why was it not done before?

**Mr. Moffat:** Before five years ago?

**Mr. Fortier:** Yes.

**Mr. Moffat:** Well, I would say...

**Mr. Fortier:** Well, what has happened? Is it that the newspapers are doing this very sort of thing, doing more in depth studies? Is it that television has arrived and that you have had to face up to increased competition from that medium, or what is it?

**Mr. Mitchell:** I would suggest that it is because we find in talking to our listeners that there is a growing awareness of the problems in our community and it is reflected in the newspapers, television and radio.

**Mr. Fortier:** Well, those problems were here six years ago, ten years ago—maybe not as we know them today...

**Mr. Mitchell:** But they didn't concern the people. They didn't concern you.

**Mr. Fortier:** They did not? Are you sure that your listeners were not concerned about problems which perhaps warranted programs such as the ones you have now developed?

**Mr. Pryor:** Well, I think they were concerned but I think however in our society, it is more evident that people are more prepared to vocalize their concern.

**Mr. Fortier:** Well, I would like to know that it is that has made it possible or made it necessary now for radio stations such as those in your group to present this sort of study?

**Mr. Pryor:** Well, if I may venture an opinion which is strictly a personal one—there are no answers to that question obviously but I really wonder about anybody's capacity to stick to my answer in this regard. It seems to me that young people have caused changes in attitudes throughout our society in the last few years to a degree that I am not aware of having existed in our society before. They affect our dress, they affect our attitudes, they have changed I think public attitudes so much more to sensitivity to human beings rather than sensitivity to objects and economics and these things, but frankly I think that the pressures that are being exerted, many times extreme, but they are creating an awareness.

I don't think our attitudes about war—my attitude certainly would not be the same if it had not been for a great deal of the outcry that has existed about war and a deep questioning of these factors.

Now, whether the media starts that or thinking people start that, or no matter what the case may be, it is maybe simply a matter that the young people today are simply a generation that are not inhibited by the same factors that maybe inhibited some of us in our time. I think they have had a very enormous effect on the morals and on the outlook of all the media.

**The Chairman:** Mr. Pryor, are these young people concerned about Mr. Benson's White Paper?

**Mr. Pryor:** I don't think so.

**The Chairman:** And yet surely that could be a legitimate topic for the approach you have taken.

**Mr. Moffat:** It has been.

**Mr. Pryor:** It has been, yes.

**The Chairman:** They are concerned about some things and those things—the things that they are concerned about, they have been able to transmit this concern to the real world?

**Mr. Pryor:** There seems to be an observation—it is the observation that I make that I wish we could get them interested in the White Paper.

**The Chairman:** Well, may I ask you this question. In reading your Brief the first six or seven pages of it—I found it interesting but there was really only one thing that concerned me. I am sure it must concern you and I am wondering how you handle it. I read "We see our role as broadcasters to concentrate on our own local areas", and the word "local" appears at least a dozen times in the first six or seven pages. How do you stress this local approach without becoming either provincial or parochial? How do you prevent your listeners from becoming sort of turned inward?

**Mr. Moffat:** Well, we do provide a balance of national and international news and information but it is localized to, for instance, Calgary. For instance part of the concern Calgarians have is how they fit in the Canadian fabric right now and I think that is a legitimate part.



**The Chairman:** Does your station in Calgary, for example, carry lots of national news?

**Mr. Moffat:** Yes.

**The Chairman:** And international news?

**Mr. Moffat:** And international news.

**The Chairman:** The Committee has in our files lots of rate card information and ratings on audiences and so on and so we don't have to ask you those kind of questions but as a rule of thumb, what has been the response to this kind of programming or this kind of approach? Without going into the specifics of rating has it been successful?

**Mr. Mitchell:** We didn't try to sell it.

**The Chairman:** Well I meant audience response.

**Mr. Moffat:** Generally favourable.

**Mr. Fortier:** You did not sell advertising on those?

**Mr. Mitchell:** We did not on the ones we described.

**Senator Sparrow:** Do you have generally the same news policy for each of your stations or would it vary?

**Mr. Moffat:** Well, I am not quite sure what you mean by that.

**Senator Sparrow:** Well, for instance some stations cover primarily local news and other stations primarily provincial news or Canadian news or international news.

**Mr. Moffat:** No. We require of our stations, that they do give in news a balance to international, national and local stories. They just don't give local stories to the exclusion of international and national.

**Senator Sparrow:** How do you figure out a balance?

**Mr. Moffat:** Well, that is left up to the individual news director.

**Senator Sparrow:** It could vary from station to station?

**Mr. Moffat:** Well, I suppose it could but in practice I don't think it does.

**Mr. Pryor:** It seems to me that it varies daily. There may be more news in Ottawa that is of local interest today than there is

relatively international news but tomorrow that mix may vary again so I think you have to rely on the judgment of your people. I would like to make one distinction and there is semantics involved here. When you talk about news of interest to local people that's not necessarily only local news. Our orientation is we have a responsibility to serve the people who can hear our signal—they are local people to us and we try and present to them what is of interest to them and that news may be something about the White Paper or the Senate on the Mass Media or whatever else may be of specific interest to them but we try to fit their needs other than only taking information that takes place within that area.

Therefore we are trapped I guess in our own semantics by saying it's local needs rather than just local stories in nature, if I can draw that distinction.

**The Chairman:** What is the Canadian Contemporary News System?

**Mr. Moffat:** It is an association of—Paul Akehurst is here and he can correct me—I believe twelve or thirteen stations—across Canada that are inter-connected to feed stories of interest to them all.

**The Chairman:** Are these stations commonly owned?

**Mr. Moffat:** Not all of them, no.

**The Chairman:** Of the thirteen do you know how many different owners or ownership groups are represented?

**Mr. Moffat:** I would think four or five.

**The Chairman:** Mr. Akehurst?

**Mr. Paul Akehurst:** I was going to say six.

**The Chairman:** Why I asked the question you were here on the day the Canadian Association of Broadcasters were here and if their rationale for concentration of media ownership in broadcasting they held as an example the kind of thing which could be done by a merger and with the example specifically of news broadcasts, but it occurred to me in looking at Canadian Contemporary News System, that this is a co-operative. It isn't jointly owned. Am I right or wrong about that?

**Mr. Moffat:** Well, it is a co-operative. It isn't jointly owned but I think it would be a lot easier though to launch a project like



Canadian Contemporary News where you do have group ownership rather than trying to get together 13 or 14 individuals.

**The Chairman:** Well, you have got together six or seven or four or five or whatever the number is.

**Mr. Pryor:** In the beginning and in all deference to the reporters in the room, Canadian Contemporary News started around the nucleus of our stations in Moffat Broadcasting and the CHUM stations because that was enough to get it started and we could finance it and pick up its losses and get it going. Since that time the service has improved to the degree that it has been able to attract other people into the thing but I don't believe without some reasonable economic base it could have developed in the beginning. I am perhaps putting words in Mr. Waters' mouth but it seems to me that it was necessary to have a certain...

**The Chairman:** Well, we will take the words out of Mr. Waters' mouth when he comes before the Committee after Easter.

One other question on news that I have. At pages 19 and 20 and I am assuming that this applies to television as well, you say:

"In the face of the enormous amounts of news and information made available from all sources, people tend to be more independent in their interpretation of events."

I wonder if you could give us any evidence to back that statement up?

**Mr. Waters:** In terms of specific research, no we can't.

**The Chairman:** It is just a feeling that you have?

**Mr. Moffat:** Yes, it is just a feeling but in discussions with my friends—they share that view. They do listen and try to get as much information on a given subject as they can in order to make up their mind.

**The Chairman:** It is just a feeling?

**Mr. Moffat:** Yes, we have no research on it.

**The Chairman:** Are there other questions that the Senators have?

**Senator Sparrow:** I would like to ask a question on prime time. Would prime time, in the connotation in which we discuss it, be the

same in all of your stations or does it vary from area to area?

**Mr. Moffat:** It does vary. For instance in Winnipeg we consider prime time to be from 6:00 a.m. to 10:00 a.m. In Vancouver it is really hard to define prime time and restrict it to the morning. They have almost as much audience in the evening so it is rather hard to say.

**Senator Sparrow:** Do you know why? Have you tried to analyse why it is different?

**Mr. Moffat:** Well, it depends on the availability of the segment of population that you are trying to serve through radio. In the case of Winnipeg where we appeal to an adult segment of the community they just aren't available at night. They are doing other things, watching television or whatever people do in the evening. In the case of a station that is youth oriented, they are available to radio.

**Senator Sparrow:** In the evening?

**Mr. Moffat:** Yes. They make themselves available to radio.

**The Chairman:** Mr. Fortier?

**Senator Sparrow:** May I just ask one other question?

**The Chairman:** Please.

**Senator Sparrow:** Have you any twinning arrangements with any other radio stations?

**Mr. Moffat:** Twinning arrangements?

**Senator Sparrow:** With another radio station in another country. Have you any twinning arrangements with any other radio stations in other countries?

**Mr. Moffat:** No.

**Senator Sparrow:** Are you familiar with some stations that have twinning arrangements?

**Mr. Moffat:** Twinning in terms of ownership?

**Senator Sparrow:** No.

**Mr. Pryor:** We don't understand the question, Senator.

**Senator Sparrow:** The twinning of cities is an example, one to another. There are some radio stations in Canada that have this twinning arrangement with radio stations in other countries. You are not familiar with it?

**Mr. Moffat:** I am generally now, yes.

**Senator Sparrow:** Do your stations have that twinning program?

**Mr. Moffat:** No.

**The Chairman:** Are any of your stations programmed out of the United States?

**Mr. Moffat:** No.

**The Chairman:** Is any of the music chosen out of the United States?

**Mr. Pryor:** Absolutely not.

**The Chairman:** Mr. Fortier?

**Mr. Fortier:** Mr. Moffat, with respect to your CTV affiliate in Winnipeg, to what extent do you participate in the management of that television station?

**Mr. Moffat:** We participate in the general policy of the station. We do not in day-to-day decisions.

**Mr. Fortier:** Who are the other shareholders of CJAY TV?

**Mr. Moffat:** Woodmount Investments Ltd. which is a beneficially owned to the benefit of Mr. Ralph Misener and I believe Senator Campbell Haig has a direct ownership.

**Mr. Fortier:** Senator who?

**Mr. Moffat:** Senator Campbell Haig.

**Mr. Fortier:** These are the three shareholders?

**Mr. Moffat:** And Moffat Broadcasting, yes.

**Mr. Fortier:** Yes, Moffat.

**Mr. Moffat:** Plus the general manager of the station has an interest as well.

**Mr. Fortier:** Can you tell us generally how your affiliation with the CTV network has worked up to now?

**Mr. Moffat:** It is expensive but in our view works well.

**Mr. Fortier:** To what extent is an affiliate station in a position to influence the network programming?

**Mr. Moffat:** No, really my knowledge in this specific area may be lacking. In terms of influencing the programming that is put on the CTV, as I understand it, there is a programming committee of the Board of Directors that advises the network on which

representation is held by the individual station. Presumably at that meeting they get a chance to express their views on the programming of the network and out of their discussions a consensus is arrived at for the programming of the network.

**Mr. Fortier:** Is this affiliation a very flexible one or do you find that there is too much rigidity in the time on any given day you must give to the network programming?

**Mr. Moffat:** I guess to be a network they have to imply a certain rigidity in the programming schedule, I think CTV however is very adaptable. We can provide almost instantly pre-emptions for events that we feel are significant.

**Mr. Fortier:** Of local interest?

**Mr. Moffat:** More of national interest.

**Mr. Fortier:** Would this be a pre-emption on your station as opposed to the network programming?

**Mr. Moffat:** Both. It would be in network time or non-network time.

**Mr. Fortier:** In 1969 when you were forced to sell your station in Regina did you have to make a choice as to whether or not you were going to have to give up Regina or Winnipeg?

**Mr. Moffat:** No we did not.

**Mr. Fortier:** You did not...

**Mr. Moffat:** Make a choice.

**Mr. Fortier:** Could you have held on to Regina and sold Winnipeg?

**Mr. Moffat:** I suppose we could have attempted to.

**Mr. Mitchell:** I think we would have had one problem, sir, because I think when we would have asked permission to acquire the remainder of those shares, that would be a violation of our policy. We agreed at the time to sell the television stations in a year and we did so.

**Mr. Fortier:** Now that the CRTC are re-considering that policy—that one broadcaster can only have an interest in one CTV affiliate—are you interested in acquiring an interest in another CTV affiliate in Canada?

**Mr. Moffat:** Specifically no, we are not at this point in time. I am not saying that we wouldn't be interested in a station—a CTV

station affiliated with the network. We are not examining any proposed purchase.

**Mr. Fortier:** What is your main beef about the CTV affiliation? You must have one.

**Mr. Moffat:** Its expense.

**Mr. Fortier:** Its expense?

**Mr. Moffat:** Yes. It is a very expensive membership to hold.

**Mr. Mitchell:** I think part of the reason for that is the high cost of delivery. You know, it costs a lot of money for CTV to have a microwave system serving both ends of this country and I think that is one of the factors that gets into the high cost.

**Mr. Fortier:** How is the overall cost of the microwave system proportioned to the affiliate stations?

**Mr. Moffat:** I don't know. Is it distributed in a program fund?

**Mr. Pryor:** A program formula.

**Mr. Fortier:** What?

**Mr. Pryor:** A program formula.

**Mr. Fortier:** I see.

**Mr. Moffat:** Which is a function in some uses of the rate card.

**Mr. Mitchell:** Plus a little negotiation.

**Mr. Fortier:** So you say that your main complaint is the cost?

**Mr. Moffat:** Yes.

**Mr. Fortier:** Is it your view after serious analysis, that the cost could be lowered?

**Mr. Moffat:** Of CTV?

**Mr. Fortier:** The cost to you of CTV affiliation?

**Mr. Moffat:** No, I don't think it could. Perhaps we would take issue with some nickel and dime expenditures of CTV but nothing of significance.

**Mr. Fortier:** What about programming which is provided by the network. By and large do you find that it is adequate from the point of view of your audience in Winnipeg?

**Mr. Moffat:** Yes we do.

**Mr. Fortier:** You do?

**Mr. Moffat:** There are certain things we perhaps would like to change about the programming in terms of additional techniques and specific programming but generally, I feel that the programming they do provide is attractive and of interest to our people.

**Mr. Fortier:** Well, I have one other question which has been touched upon—what is the future of radio station programming in the next decade in Canada? I mean, you have just explained how you have adjusted in the course of the last five years...

**The Chairman:** Well, I think that question has been discussed, Mr. Fortier.

**Mr. Fortier:** Well, I am looking ahead now.

**The Chairman:** Well, I think that was discussed, was it not, earlier?

**Mr. Moffat:** Well, we talked in terms of AM or FM as method of transmission...

**The Chairman:** You mean programming as such?

**Mr. Moffat:** Yes, we touched on the programming aspect of it. I thought at that time and I still feel the same as I did a half hour ago, there won't be many changes in the programming of AM radio stations. Now, there are other factors that may enter into that but if there are, they are unknown to me. I don't see that there will be a change in the direction of AM programming.

**Mr. Fortier:** What I am trying to get at here with this preamble is the effect which cable television will have on the future of radio and the future of television?

**Mr. Moffat:** Well, I don't think that cable television will have a direct effect on AM radio.

**Mr. Fortier:** That is one.

**Mr. Moffat:** As far as television is concerned, depends on so many circumstances—what stations are brought in, on cable, the amount of programming that is brought in, etcetera. When I say what stations are brought in—in the situation in Winnipeg the cable company in which we have an interest, carried KCND. Now, we are licensed by the Federal Government to do this and I think the effect on CJOY broadcasting stations would be different for instance if we were allowed to import an ABC affiliate from Minneapolis to Winnipeg. Cable is going to have a definite effect on television broadcasting; there is no doubt about that.



**Mr. Fortier:** Through your CATV company, you provide your viewers with KCND which is in competition with your CTV affiliate, is that correct?

**Mr. Moffat:** Right.

**Mr. Fortier:** In other words you are sort of hedging your bet?

**Mr. Moffat:** Yes.

**Mr. Fortier:** Are you doing similar hedging in Calgary and in Vancouver? In other words are you seeking to become involved with CATV...

**Mr. Moffat:** Not in Vancouver, but in Calgary, yes we are.

**Mr. Fortier:** You are?

**Mr. Moffat:** Yes.

**Mr. Fortier:** Is there an application pending for the CRTC?

**Mr. Moffat:** Yes there is an application before the Canadian Radio and Television Commission.

**Mr. Fortier:** But not in Vancouver?

**Mr. Moffat:** No.

**Mr. Fortier:** Have you applied for CATV licences in other cities in Canada?

**Mr. Moffat:** Yes, in Edmonton.

**Mr. Fortier:** In Edmonton?

**Mr. Moffat:** Yes.

**Mr. Fortier:** And that is also under advisement?

**Mr. Moffat:** Yes, it is before the Commission.

**The Chairman:** Well, may I then perhaps on behalf of the Committee thank the witnesses. I think, Mr. Moffat, it is perhaps not necessary to repeat all of the things I said in response to the Selkirk appearance but certainly the same things apply. You have been a very candid and straightforward witness as indeed many of our witnesses have been. We are particularly grateful for your presence and I may say the one thing I neglected to say to the Selkirk people is, given the understanding I hope they have and I hope you have of the analysis we are trying to do on the overall Canadian media spectrum, having been before the Committee, having listened to

our questions, having looked at us and having perhaps sensed, I hope a little more directly, where it is we are trying to go, if you have additional thoughts or ideas when you return home that you would like to send us, either privately or publicly we would be delighted to receive them.

The Committee comes back after Easter and has two sitting weeks and then we turn to the rather formidable task of preparing our report. Yours has been a useful contribution and, thank you.

**Mr. Moffat:** We may take the opportunity to send you additional information.

**The Chairman:** Thank you.

The Committee adjourned at 5:55 p.m. until 8:00 p.m.

The Committee resumed at 8.00 p.m.

**The Chairman:** Honourable senators, if I may call the session to order.

The witness this evening as I have indicated several times during the day is a press critic of international renown. His reputation, I think it is fair to say, is worldwide. He has the most interesting background and I think that perhaps I could just highlight some of the more recent developments.

He was prior to its demise—I won't say immediately prior to its demise, but prior to its demise—a contributing editor to the *Saturday Evening Post*. You may be interested, Mr. Bagdikian, to know that in the speech I made to the Senate of Canada proposing the establishment of this Committee, a speech which I made about a year ago, I quoted extensively from several speeches or series of remarks you made about any number of subjects all involving the media in its various stages.

Mr. Bagdikian worked for many years as a correspondent and a columnist for the *Providence Rhode Island Journal* and he was in 1961 a Guggenheim Foundation Fellow. He has received a number of honours for distinguished reporting including the George Foste Peabody award. He spent two years in a special media project with the Rand Corporation.

Before I tell you his most recent assignment, perhaps I could just read from a magazine—this is an article which I believe originally appeared in the *Columbia Journalism Review*. However, in any event, Mr. Bagdikian says:

"The leading paper in the capital, the *Washington Post*, is the most irritating to the country, at least for this reader."

Now, our guest this evening is now the national editor of the *Washington Post* and thereby I am sure hangs the tale.

The procedure we have here, sir, is one of informality. I would propose that you make some opening remarks and then following that we would like to ask you some questions, not just about your return to the *Washington Post* and your career at the *Washington Post*, but there are many other subjects on which we consider you expert, and I think we would also like to ask your opinions.

I should perhaps also include in my introduction an admonition. When Commissioner Nicholas Johnson was here last week, he made an excellent presentation—a worth while presentation as far as our committee was concerned—but the Canadian Association of Broadcasters subsequently issued a press release questioning whether or not American national should be discussing problems which are of primary Canadian concern.

I know you well enough to know that you will not be in the least bit inhibited, so welcome.

**Mr. Ben Bagdikian, National Editor, Washington Post:** Thank you, Mr. Chairman. I am not inhibited but also while having the natural born arrogance of a journalist, I am not going to presume to talk about the Canadian mass media about which I know much too little.

Now I did write that the *Post* was a very irritating paper to me because it was so close to being great, that it didn't quite make it. The *Post* then did the most unfair thing possible two years later. They called up and said "All right, you are a critic and you have been telling us how we ought to do it, why don't you come and do it," and that as you know is terribly unfair.

I am flattered to be here and I think that this committee is doing something which every democracy needs to do regularly and thoroughly. I have already confessed that I don't know much about the Canadian mass media, but Canada and the United States do share, I think, some of the same media problems. We are both peculiarly dependent on having a maximum flow of public information. We both have vigorous mixed economies and that means that we both experience the same combined advantages and disadvantages of a journalistic system, which is both a business enterprise and at the same time a social institution.

There is no simple or final answer for that of profit-making and news processing at the same time. I believe Government control of the news media is bad, but if that is so, then inevitably news will be produced by business corporations that have to make a profit. God and man will wrestle forever in our mass media; and therefore for no other reason than each party to the struggle says that the other is non-existent, I suspect that there will be hearings of this sort every journalistic generation, not because any one committee fails to find the answers, but because we are dealing with a living, growing, social organism that will always produce new problems and which will require new solutions.

I assume I am here partly because I have been a practitioner, and at student, and a critic of journalism. But I am, as your know, here also as a happy employee of a communications conglomerate. I believe you can be all of these things because in the case of the mass media we are dealing with a mixed blessing. Like most of life, the challenge is to keep that mixture as worth while as possible. There are some good reasons why we should have some large journalistic and mass communications corporations. For one thing it is unrealistic to think that journalistic corporations will remain small while other industrial corporations become giants, and furthermore there are things that large organizations do that small ones can't. There are not many Walter Lippmanns working for impoverished weeklies or, if there are, we don't hear about them. There are not many small organizations that can attempt to report the activities of the very large governments, or of China, or France, or the United Kingdom. And to this question whether there are more sins committed by the established big organizations than by the desperately insecure ones—the secure giants are often indifferent or greedy or arrogant, but the impoverished ones are usually the quickest to succumb to corruption or to serve the most undemocratic purposes of bureaucracy. Nevertheless, concentrated power in the mass media does constitute a serious problem certainly in the United States.

In the United States local printed monopolies in newspapers is now normal. We have 1,589 cities in the United States that have daily newspapers. Of those, 97 per cent have only one newspaper management and of the remaining 3 per cent, most combine their production, advertising and business operations



which means that they are not going to fight each other very hard.

This has economic and editorial consequences. A study in *Journalism Quarterly* in autumn of 1966, shows that when a monopoly daily comes under local competition, it increases its local news in the case studies by 24 per cent. If its competition dies, it goes back and reverts to its lower quotient of local news. In a study we did at Rand, we found that local news costs 90 per cent more to produce than national or global news. So that what happens is that under competition, the consumer gets a more expensive product.

In addition to local monopolies we have a phenomenal growth of chains in the United States. Not phenomenal as phenomenal in percentages as you had, but phenomenal in numbers and in the rate of growth. Now, our publishers don't like the word "chain". They preferred the word "group", perhaps in the manner of undertakers who prefer to be called morticians, but the pejorative aura around the word "chain" goes back to the days of William Randolph Hearst, when the tyranny of absentee publishing was more spectacular. However, compared to the present size of chains we are really much more dramatic than that.

In 1910 there were 13 chains in the United States and they owned 62 papers or 3 per cent of all the dailies. In 1968—now in 1970 the figures are even larger—in 1968 there were 159 chains in the United States and they owned 828 dailies or 47 per cent of all the daily newspapers. In circulation their control is even greater. The largest 35 of our 159 chains control 63 per cent of all papers sold daily in the United States. So that 35 organizations which give a newspaper hierarchy usually means 35 men—have ultimate control over papers bought by 40 million households every day. That is an awesome responsibility.

Now, chain formation follows the trend of all corporate activities. It isn't just the newspapers that are getting bigger and bigger and combining, but there are some important differences between corporate chains and newspapers, between let us say newspapers and gasoline stations. A newspaper's distinctive product is social and political intelligence, which is of course a major force in shaping our national-social values.

Now monopoly or near monopoly in this is dangerous and yet this happens; and curiously it happens apparently despite the fact that

chain owners do not enjoy the conventional economies of size. It appears that running ten chain newspaper plants is not much cheaper than running ten independent ones. You apparently don't make more money per paper simply because you own ten of them. Then why do they do it? I suppose pride and ambition is one reason. A man who is successful in a business wants to go on and be successful even in a bigger business; but there are more practical reasons at least in the States.

In the United States most newspapers are closely-held corporations usually within families. There are not masses of impersonal stockholders demanding national dividends. If profits are all distributed as to demands, dividends are of course taxed; but if profits are not distributed—if they reach over \$100,000 then they are taxed at a special 38½ per cent tax on undistributed earnings unless these undistributed earnings are used to buy other newspaper properties.

In the United States our tax laws as such make it possible for profit earnings to be held as not taxable under a special undistributed earnings clause. So a proprietor, in effect, is penalized for ploughing his profits back into the paper and the community that produces them.

Capital formation is another advantage of chain owners. If you have ten papers then you can economize on nine of them while you collect money to buy an eleventh.

Another advantage is business experience. I don't know about Canada but in the United States, newspaper proprietors are very jealous of their financial and operating data, so that our standard economic literature is full of blanks when it comes to newspapers. Some chain owners have told me that they learn a great deal by buying other papers because there is no way they can find out accurately what the business experience is of other papers.

Now, newspapers are profitable in the United States, but the monopoly pattern and expanding chain don't produce the renewal and regeneration that profitable businesses frequently do.

Ordinarily when a corporation or a social activity becomes very profitable, or if it takes the reverse course—if it becomes morbid, new people are attracted in either to take advantage of the profits that are growing or to take over from some management that is becoming obsolete. That is one way new ideas, new products, new needs are produced and served



But this has not happened in newspapering because typically when a proprietor decides to sell his paper, he generally picks a purchaser with a same general outlook. When two Florida papers were sold to the *Chicago Tribune* some years ago, the seller said he picked the *Tribune* because it shared his political philosophy. When the DuPonts of Delaware briefly considered selling their newspapers, it was considered important according to an internal memorandum to find an outside newspaper organization whose political and economic views closely parallel those of the present ownership."

Now, these are very human desires and I guess I would feel the same way myself if I owned a newspaper and had to give it up, but means that control of this important social institution remains in a limited circle of political and economic views without the usual free enterprise mechanism for innovation and growth.

It seems to me that the greater degree of merger and chain formation there is, the more this keeps the traditional and sometimes obsolete, social and political outlooks fixed and immune to change. This in the United States has produced an incredible number of stuffy front offices in what I think is the world's most exciting business. The newsrooms are full of ferment and ideas and excitement, and the business offices of newspapers are frequently more dull than the business offices of companies that produce flying pans and wheel covers and things of this sort.

Frank Munsey was a man who about 70 years ago made millions of dollars turning the neighbourhood grocery stores into chains and about the turn of the century he discovered that he could do the same thing with newspapers. When Munsey died in 1925 one obituary said "Frank Munsey, the great publisher, is dead. Frank Munsey contributed to the journalism of his day the great talent of a rat packer, the morals of a money changer, and the manners of an undertaker. He and his kind have about succeeded in transforming a once noble profession into an 8 per cent surety. May he rest in trust."

A point I want to make is that that obituary was written by another publisher—William Allen White of Emporia, Kansas, and that would never happen today. The circle is too closed and too respectable and besides it is now a 13 per cent trust.

Now, broadcasting in the United States is even less creative. We have three television networks and the greatest talent seems to be spent imitating each other. In radio we have thousands of individual stations—as many as 34 in one city—but they exhibit a deadly uniformity in programming, most of it canned, with at most six types of stations within which all is the same. This by itself ought to warn us that large numbers of units in mass communications do not guarantee diversity.

Now, broadcasting, because it is licensed and operates within a limited electromagnetic spectrum, is inherently fixed in numbers of stations. There aren't that many positions on the dial. So when a market becomes highly profitable the alleged laws of supply and demand do not operate. The profits don't attract new interests into the business—they simply increase the powers of the established companies.

Now giantism in both newspapers and broadcasting also makes for a disproportionate political power. Now, this is not so much in a persuasiveness of editorial. Our more perceptive editorialists in the States have learned a refreshing humility since the American people have consistently refused to behave as editorials have told them to do. Much more powerful is the crucial function of deciding what will become a public issue and what will not; and this decision runs all the way from great public schemes, to which local candidates will be photographed in what pose, or whether the candidate will be photographed at all. Owners of large media organizations are treated with deference and that is unknown to small media operators.

I have sometimes thought of conducting an experiment which I would call "One Hundred of the Most Powerful Government Leaders in Washington" and in each case leave the name of a different newspaper as the calling one and my guess is that if one plotted the time elapsed before the call was returned it would tend to follow the circulation figures of the newspaper column. But these problems are probably better known to you than to me.

There is another problem which is less concrete but in some ways more troubling. Canada and United States are both affluent growing economies, developing a sense of nationality, thanks in part to the mass media. We both have our regional frictions but these were not so much created by the mass media as exposed by them. As communications

satellites develop, we are even enlarging our sense of belonging to the same planet, yet we live our private lives not as members of the planet but as members of a town or community or neighbourhood; and it is in this smaller orbit that we in the United States seem to be suffering our worst pathologies.

Our country is richer than it ever was before, these communications are more widely spread, its economy is more productive, but our neighbourhoods and our communities seem to wither and become dehumanized. This loss of a sense of community comes from a basic change in our civilization and can't be laid at the door of the mass media alone.

We no longer assume in childhood that we will attend the same school as our parents, or learn the same subjects in class, and then inherit our father's house and his occupation. In a hundred different ways, we have gone away from our native communities and then insulate ourselves from our new ones. But nevertheless we depend on our new communities in important ways. We depend on unseen companies, committees and boards to provide our food, our water, our highways, our housing codes and our jobs, and all of them in a complex of functions and jurisdictions.

In the States, we have 18,000 municipalities and 17,000 townships, and within these there are 500,000 local governmental units of one kind or another. Our prolonged years of education and then after that our cosmopolitan careers remove us from the direct contacts of sources of power in our own communities, and so we become dependent on the mass media to tell us about things that we used to hear in the general store or town meeting, or at the only church in the village. But at precisely this time we have lost the community medium of information, the local newspaper or the locally programmed broadcasting station.

In 1880 in the United States, there was a daily paper in 90 per cent of all urban places. In two-thirds of those places there were competing papers. Today less than 30 per cent of our urban places have their own daily newspaper and of those only 3 per cent have competing papers. Broadcasting is even less localized and has even less local information. We have 4,400 commercial AM and FM radio stations in 2,600 different communities, and we have 639 commercial television stations in almost 300 metropolitan areas. But these large numbers have not produced the local pro-

gramming and the immediacy that was intended of them when the Government first handed out licences.

I looked recently, more or less at random at this one television station in our mid-west. It is the only station in its city, its strongest signal reaches out 18,000 square miles covering 23 counties. These counties have more than 800 governmental bodies, 350 of them with the power to tax including 21 municipalities and 110 school boards. They are served by one station that is supposed to tell them all what they can't find out for themselves and which is important to them.

Now, taking the normal time these stations devoted to news—if each of these governmental bodies made only one decision a week—the station, if it did nothing else in its news could give maximum exposure of eight seconds a week to that decision.

Now, we are specially dependent on local news in the United States which is why we have essentially local and not national papers. We control important functions at the local level—schools, police, probably taxes and neighbourhood design—yet we have lost sight of these decisions partly because there is such a poor fit between our mass media jurisdiction and those jurisdictions by which we live our personal and political lives. This poor fit exists because the forces in the marketplace insist on it.

The paper that does not saturate its circulation area, or a broadcasting station that does not maintain its ratings will soon be hurt, but this is because of the way we finance our media and the way we use our technology and all of this is aggravated by mergers and chains. These things will not go away easily. We will have large monopoly newspapers in our communities, and it seems to me that the existence of this we have to think of as mechanisms that bring our mass media close to the people.

All of our social institutions, at least in the United States, are now being challenged by people who say they want to be part of the action; people want to be heard. Universities, political groups, and companies are being challenged to open up their sources of the intake of popular feeling and to listen to the constituents. And papers and broadcasting stations, it seems to me, cannot escape the given fact that we tend towards monopoly in both of them. We have to invent mechanisms to bring together a mass medium and its constituents.



In the last two or three years I have been part of an effort to establish and study local press councils which are, in effect, committees of cross-sections of communities' representatives who sit down regularly with the publisher of their newspaper or the proprietor of their broadcasting station in their own community. Now, this is different from, let us say, the British Press Council or other national press councils which cover a whole country or whole province.

The local press council is concerned with a single community and the idea is that both parties need to speak to themselves in some way other than the one-way communication of receiving the newspaper on your doorstep every morning and not having a very good method of talking back, or listening to your radio and television and not being able to talk back.

We had a bequest to form a fund for a free and responsible press and with this money, we supported a number of university researchers who created press councils in communities near their campuses.

We had two major rules. One was that this council, which was the selection of members of the community—cross-sections of the community who sit down regularly with the newspaper publisher—that this council should not be the creature of the publisher. He would not select the members of the community who would sit on it; he would not run the meeting—the university person would do that.

The second rule was that the council had no power over the newspaper whatever. It did not remove editorial discretion from the editor, it could not force things into the paper, the only power it had was the power of discussion with the publisher and the editor at these monthly meetings.

We did this in about six communities throughout the country. We hope to publish a book about it later this year with more detailed results, but roughly we found some interesting things. Some of them were obvious, but I think obvious things that need to be moved and need to be experienced.

First of all it turned out that publishers don't know their community very well. After all, they are substantial businessmen in their communities. They tend to belong to the clubs with the president of the bank and the heads of insurance companies and the heads of factories in the towns, and in their normal social lives they meet people pretty much like them-

selves. This is perfectly human but it is not necessarily the best way to find out what is going on in your total community.

So when they sat down with the community representatives they got to know each other. We found it useful, incidentally, that there be a dinner meeting preceded by cocktails—it made sometimes for fireworks but it also made for candor and insight. We found out that many things were going on in the community which the publisher didn't know. Not because, in most cases, the publisher was stupid or evil, but because in the normal course of events, a busy businessman doesn't have time to go out into all the nooks and crannies of his community. Yet this is frequently precisely the parts of his community that he needs most to know about. He found things out, he found out that there were important news stories that he wasn't getting, and he would find out that the news stories that they ran were incorrect.

I attended one of these meetings on the west coast where one of the community representatives was a labour union official and he brought up at this monthly meeting the fact that the newspaper publisher had a story in his paper about a fight within the union. The publisher began being very defensive about it and the labour union representative said "No, I am complaining about the fact that it was much worse than you found out, and the reason is that you call the secretary-treasurer of the union every time and he doesn't tell you the truth." So the publishers found out a great deal that they hadn't known about before.

The other thing that came up is also obvious but I think necessary to experience. That is that community people didn't understand the newspapers very well. It turns out, as you Senators know perhaps better than anyone, that when you are involved in a conflicting situation, it is going to be very difficult to get all parties to the conflict to decide what is a fair report and most people who are in conflicting situations don't really want a detached report—they want support. They want advocacy and they go to the newspaper and say "You reported this other fellow saying this, but that is a lie, you should have known that," and both sides say the same thing, but if you get them together in the same room they argue with each other. It becomes obvious to them—this is frequently the case—that the newspaper in fact cannot satisfy everybody.



Some of our worst newspapers are the ones who try to satisfy everybody. There is such a thing as a detached observer. He is frequently wrong, he is frequently biased. The fact is this is not always the case and he is detached in ways that the people involved in a news situation are not. It is very therapeutic to bring them together regularly in order for them to see that this is a problem in which one should not expect complete dissatisfaction, but at the most fairness and remedy of errors.

These local councils, we felt, were extremely successful. We ran out of money after a year as we had planned to. We were a responsible foundation and that is to say we thought our obligation was to spend ourselves out of existence; but many of the publishers decided to carry it on at their own expense because they found it so useful.

Now, of course this is quite different from a national council such as the British Press Council which has to cover a very large number of papers. You can't possibly put in the same room, all of the papers and all of the publishers and cross-sections of the communities. It therefore ends up as a different kind of function which is partly to be a complaint bureau (which is very necessary) and partly to be a sampler of performance—picking out places maybe at random or maybe because some situation presents itself.

But, reporting to the whole country therefore, saying here are the complaints we have received, here is how much we thought they were justified, here is a sampling of the performance of our press and this is what we think they have done in this last year—that is quite a different thing. I think both are very necessary and very useful.

There are problems, of course, involved in doing this, but I think that the dangers of not doing it are much greater. The dangers are that the mass media will become detached from the mass, that they will cease to be responsive, that the burden of operating large corporations, and the natural social environment of a man who has to do that, will separate him from the people he is trying to serve.

Therefore, I think it is important that we do find mechanisms by which our mass media can retain their independence. I think editors have to be free to report, reporters have to be free to report as they think is most fair and wise, but I think they have to be open to criticism and open to remedy when there is

demonstrable error and we don't have enough mechanisms for that now.

Since our mass media are getting larger and larger and covering larger and larger constituencies I think that we, in a long term way, have to consider whether we want them so large to begin with. Our present technology rewards and demands bigness. Newspaper plants are expensive to build and operate and once they are in operation, naturally they benefit by mass production. Broadcasting through the air with powerful transmitters places each station in direct competition with each other station and that results in competing for the same kind of programming, and that produces uniformity.

But we are just now entering a period of change in technology, and if we are wise, we may gain control through technical developments of some of the immediacy and community service that stopped when we no longer lived and worked in the villages.

Cable television will become common in this decade and new printing technologies will change the cost and patterns of newspapers. Now, in Canada you already have cities that are more advanced in cable than any place else in the world, but every developed country will have it shortly. Our present cables are being laid down in communities with 20 channels. In one community in the United States there is a cable system being laid down with 42 channels. This is quite easily multiplied by electronic means into an era of 180 channels, and the possibilities of programming are exciting and very broad. However, these won't happen automatically.

Printing, similarly, may make it possible to publish small papers in small places where it is not economical now. In general we need to scale our mass media down to a human size but this requires public policies and corporate policies that do not exist now. This means tax laws, this means regulation of broadcasting, it means some examination of advertising policies which is what really forms our mass media. In the United States, for example, we need to do non-commercial broadcasting on a respectable scale, instead of on the pittance we now do it on; and we have to have provisions for both national and regional networks as well as low power local stations to serve their own communities.

We are all on the threshold of this new technology of cables, communications satellites, computers and new home appliances, and this will transform the cultural and

informational lives in the next 20 years. But we ought not make the mistake of letting the machines and the corporate imperatives that drive them, produce another commercialized culture such as we have inherited. We know enough about technology and we know enough about our social needs to design the machines for human and social purposes and not the other way around. Our present culture is an accident; an accident driven by the imperative to sell the maximum number of goods to the most people at the lowest cost and this has resulted in an evolution that is wildly out of control for short term gains.

Let me conclude with just one example. It appears that the first radio commercial was broadcast on August 28, 1922, when the American Telephone and Telegraph Company advertised itself on its own radio station in New York City. Apparently this offended everyone—even A. T. & T. which forbade any other station to broadcast commercials on pain of losing their telephone service. Even the National Association of Broadcasters thought that a commercial in the evening was specially crude because it contaminated the family hours. A few years later Herbert Hoover, who was later to become our President, but then was Secretary of Commerce, and then as later not one of our more strident radicals, said that blatant commercials were inconceivable. And he said about commercials in broadcasting "It is inconceivable that we could allow so great a possibility for service, for news, for entertainment, for education and for vital commercial purposes to be drowned in advertising chatter."

The moral I draw from that is that what seems inconceivable today may through corporate and public policy be incorrigible tomorrow.

Thank you very much, Mr. Chairman.

**The Chairman:** Thank you very much, Mr. Bagdikian. There are so many areas to dig in and ask you questions about, but I suppose the one which tempts us to begin is the Press Council. It is so tempting that I think I will begin with something else.

I thought I spotted, if not a contradiction in your remarks, one thing which I found that I couldn't quite understand. It was the reference you were making to the enormous political power of the media, and you indicated that the editorial advice offered by the media has been consistently rejected in the United States—the papers being overwhelmingly

Republican, and the Democrats being mostly successful. But at the same time you attributed this success to the news coverage or news play, if I can use that description, which the media gave the politicians. By that standard could the media have achieved that editorial objective on the advice they were offering, if they had treated the thing differently on the news pages? Do you follow the question?

**Mr. Bagdikian:** Yes I do, Senator. I think that is true and I think they did. They wrote editorials denouncing most administrations and denouncing social security, and things of this sort, and people didn't pay much attention to it and so I think in this they were not very persuasive. The thing I meant when I referred to the fact that they have the power of deciding which issues become public issues, is that we really get concerned with an issue as we hear about it and read about it in the news columns, on the newscasts on television, and on documentaries—and that decision is still within their power.

**The Chairman:** The point I was making, sir, was would it not then have been possible for them to focus on other issues which might have elected the people whom they were proposing?

**Mr. Bagdikian:** Yes, and I think there was a great deal of this. I also think this: that despite the very strong opinions of publishers and broadcasting proprietors, there is a very substantial degree of professionalism in journalism, so that we are not confronted with our own versions of stories which tell things which are only perpetuating official dogma. We do have professionalism, journalistic professionalism and in all justice many of the same proprietors, who are very rigid and dogmatic in their editorial opinions, accept the need for professionalism and the exposure of ideas that they differ with.

Now, I think this acceptance has been growing. I think it is perfectly true that many urgent social issues have not been presented with the kind of care and space that they deserve because of the perceptions of the proprietors of the newspapers and the broadcasting stations. But, nevertheless, there has never been an iron curtain. That combination of journalistic professionalism plus the acceptance of some obligation to permit the publication of news with which you disagree, does occur. I think it doesn't happen enough but there is no question it does occur. So that if they wanted to be completely dogmatic, they could have kept silent about issues that



they didn't like, but they aren't completely dogmatic—they accept a degree of professionalism. I think this is an increasing degree.

**The Chairman:** Is the Establishment controlling the press in America?

**Mr. Bagdikian:** Well, there are many establishments and it depends to whom you speak. Our vice-president seems to think that the Establishment resides in New York and Washington and that there is a kind of national warfare that goes on between one side of the Appalachians and the other.

I wouldn't be completely honest if I didn't say that there are some newspapers and newspaper organizations which are profoundly influenced and influential on the rest of journalism. There is no question that the *New York Times* is read by more individual journalists around the country and taken as a cue than other papers. There is no question that the *Washington Post* is read by policymakers in Washington and therefore has a disproportionate influence on national policy. So in that sense there is an Establishment, but there isn't an Establishment in the sense that there is any kind of organized or explicit agreement among all publishers because there are too many of them. There are, after all, 1,750 daily newspapers in the United States and something like 8,000 weeklies.

**The Chairman:** You mentioned 35 people controlling something like 53 per cent of the circulation, and you talked about the influence they have on 40 million American homes. Are those 35 people all the same kind of people?

**Mr. Bagdikian:** No they are not. As a matter of fact, as I hope I hinted at at any rate, it isn't necessarily 35 people. There is not one man with his hand on a knob turning public opinion. There are hierarchies of professional journalists and of managers who make decisions but in the end it is typical in a newspaper that one man makes an ultimate decision on who these people will be and what the scope of their operations will be. So there are 35 organizations that control what 40 million households see as their printed news every day. Now, they are not all the same kind of person.

Some of the best journalism is done by people working in chains and there is a vast difference among them in devotion to fairness and broadness. I wouldn't want to give the impression that the operators of chains and

conglomerates are inherently evil, or that they must be. That is not so. Some of the most responsible journalism is done by people who have monopolies because they don't have to worry about the competition. If you worry about the competition, you have to put out a headline that catches the reader's eye before another headline, and if you are working on a story then you have to publish it right away—you may not get it right but you get it written.

**The Chairman:** Is that true of the *Washington Post* and the *New York Times*?

**Mr. Bagdikian:** That we watch each other?

**The Chairman:** No, that you have to look to the headline to sell papers?

**Mr. Bagdikian:** No, because what is happening in the United States is that there are fewer and fewer newspapers sold on newsstands where the headlines are important. More and more are delivered to the homes by subscriptions—I think there are 80 per cent of the American households that take a daily paper and something like 65 per cent that get delivery to their home.

**The Chairman:** Is that an on-going trend?

**Mr. Bagdikian:** Yes, and it is increasing. Fewer and fewer newspapers are sold by people who notice the headlines and most of them are delivered to the homes, so that the headline isn't terribly important. That is not why you buy the paper—it isn't competing with any other paper you see at the time. That is one reason that headlines are declining, and another is the fact that the audience is getting more sophisticated. They aren't fooled any more by the great big two inch headlines about a dog getting run over on the street, or something of that nature.

**The Chairman:** I want to turn to some of the Senators, but I wonder if I might ask you just one other question for now.

We have had evidence here from publishers, communicators, and others, that the working press tends to be liberal with a small "l", because Liberal with a big "L" is a political party here as I am sure you know; but the working press tends to be small "l" liberal. Would you agree with that generalization?

**Mr. Bagdikian:** I think that is true. At least in the United States it is true. There have been sociological studies of who is in the Democratic party, which tends to be a liberal party with a small "l", and the Republican



party which tends to be a conservative party, and the characteristics would show up people who tend to be liberal, Democrat. These are people who have gone to college, who have professional occupations, and so forth, and certain income levels, and this is the population group from which reporters come. So that it is a reflection, I think, of the part of the population from which they have been drawn and the role they have. There is an interesting tension with proprietors who are overwhelmingly the conservative and Republican. This is one reason why there has been, I think, a development of professionalism, a standard by which judgment can be made on something other than personal opinion. I think it is true that most working journalists in the United States tend to be liberal and most of their publishers tend to be conservative. But, as I say, the standards of professionalism do have some effect.

**The Chairman:** Senator McElman?

**Senator McElman:** Mr. Bagdikian, you suggested earlier that in a seller-buyer situation, often the media passes on to another of similar thoughts or philosophy. I have heard it suggested that this is one of the principal reasons for the terrific unrest in your country in certain areas of society, and that this was a factor in their not recognizing and reporting to the public soon enough the problems of the black American, the ghettos, and other problems. Do you subscribe to this opinion?

**Mr. Bagdikian:** I think this has had an effect, but I think that could be exaggerated because the causes of this unrest really go much deeper than that. I think newspapers are like all our institutions and have not become sensitive enough to changed conditions and changed attitudes. Part of this was because, of course, they were established and because owners of newspapers tended to be of the same social outlook and to perpetuate ownership in that same condition, but not entirely.

Reporters were at fault too—partly because they were restrained, perhaps, by their management, but also because they were overwhelmingly middle-class white. So the professional reporter, I think, shares some of the blame for this, for being insensitive to changed social conditions in this community. I think both share. I think it is an important factor that management of newspapers—like management of most large corporate activities—have not been very close to the constituents they deal with. But I think probably in

the case of newspapers no worse than managers of banks and insurance companies.

Now, the obligation on them to be closer is much greater, of course, because that is the business they are in and in that sense, yes, they are much more guilty than let us say the president of a bank who doesn't realize what is going on in the ghettos in the cities. But I think that the causes of this unrest—the other causes are much greater. I think this is an important one and one that certainly professional journalists and corporate journalists have to pay a great deal of attention to, but I don't think it was the main cause.

**Senator McElman:** It wasn't a lack of crusading spirit?

**Mr. Bagdikian:** Yes, I think so. But I must say that I can't blame it all on proprietors. That is a bias I have and I am perfectly willing to do admit that. But I have had the personal experience, during the late fifties and early sixties, of doing some reporting in our south where there are many racial problems, of going into a southern city and going to the newspaper and talking to the publisher or editor and then talking to the reporters who had immediate responsibilities for these areas, and typically none of them really understood what was going on in their communities.

Now, not because they weren't as smart as I was, but because they had lived there and they had become used to the landscape and hadn't noticed change, whereas I had gone in there looking for change. But I must say that there was a large area of ignorance and insensitivity among professional journalists as well as among their employers.

**Senator McElman:** Well, now that the problems are well recognized, not only by your mass media but by the populace at large, in your view are the media—the leading elements of it—doing a responsible job in leading public opinion toward solutions of those problems, or do they tend towards sensationalism of events?

**Mr. Bagdikian:** I think in the case of sensationalism, no, and in some ways they are swaying in the opposite direction. They went through a period of sensationalism because as a matter of fact these conflicts were a sensation, and it drew everybody's attention and they fixed their attention on that for a very long period of time, and frequently in a disproportionate way on those things which were most wild and written with conflict.

And then there came a consciousness that by being present, journalists could in fact themselves provoke conflict. You know, when a television camera comes in an exciting situation, people are energized by it and they do things which they might not do otherwise, when a camera man shows up or a reporter with his pencil and pad. We are also now in a period of shifting the other way, partly out of a consciousness that we can influence the events that we report by the mere fact of reporting them, but also the way in which we report them; and being frightened, some frightening things have resulted. And this is in conflict with our professional obligation to report what goes on no matter how unpleasant it is, and even though you might think, "If I report this it might provoke trouble".

Now, we are, I think, in a condition of backing away from that kind of reporting, partly because we are conscious of these things, and we are doubly careful not to unfairly or unrealistically provoke violence, but also because the press was in fact involved in reportage of severe social change.

So that the press in the United States, and broadcasting, are under increasing pressure because they report disturbing social conditions. And there is what is for me a disturbing body of opinion that says—and among them some of our officials—which says that if you said nothing about it it would all go away. And that is the opposite side of the other coin, which is that because you say something about it you create it, which is possible. So that in answer to your question, I think we are now entering an area in which we may bear to the other side of under-reporting disturbances, under-reporting violence, under-reporting disturbing social situations because we don't want to create explosions, and because we are under fire for being a party to these things.

**Senator McElman:** Is this move in your media particularly your print media, your daily newspapers, away from the area of the immediate objective reporting towards the reporting of greater in-depth reporting? More of what we hear called the magazine type of reporting?

**Mr. Bagdikian:** Yes.

**Senator McElman:** Is this developing?

**Mr. Bagdikian:** Yes it is, and I think...

**Senator McElman:** Is this a good trend?

**Mr. Bagdikian:** I think it is a good trend. I think we can never abandon the reporting of immediate events because none of us is wise enough to know at any given moment which events are really going to result in something important and which are not. We don't want to be too much philosopher kings in screening out things that we don't understand at the moment, partly because our audience is much more sophisticated than ever before, partly because they have other sources of information—textbooks, they travel—and partly because we, ourselves, are a little smarter than we used to be about these things. And I must confess, partly because we have more monopolies, and therefore are more secure. We can take the time and develop things in more depth and not be so fearful that our competitor will be out on the street with a great splashy story and overwhelm us. Yes, I think throughout all journalism in the United States there is a very definite trend toward more in-depth reporting and interpretation, partly because we need it more because there is too much information and we can't absorb all the facts that there are, and somebody has to help us to determine which things are important and which are not, and which things will have consequences to the future and which will not. But also because in the American press particularly we have been very rigidly devoted to what we call the doctrine of objectivity of reporting facts without any personal opinion interpretation. This is a very useful discipline, but it also can be misleading because not all facts have the same meaning.

In the early 1950s Senator Joseph McCarthy used to step out of a hearing room and say "Inside the room this went on," and newspapers thought they were doing their readers a service by reporting what it was he said and nothing else, as if all information was equally valid. Well, we take more and more responsibility for that, and so that is happening. But it is a very difficult territory because you are then depending on the man who tell you to pass his judgment on what is important and what is not. I am not terribly concerned with that because I think we are a better educated and have other sources of information with which to test what we read about.

**Senator McElman:** This trend then toward greater in-depth reporting of the news and backgrounding it—is this calling for a different type of journalist? Is the role changing,



there a higher calibre required and is that higher calibre developing?

**Mr. Bagdikian:** Yes, to both those questions. It requires a different kind of person and we are getting a different kind of person. Thirty years ago—if I may use a personal example...

**The Chairman:** By all means.

**Mr. Bagdikian:** I began my career as a newspaper reporter in 1941 for a paper in Massachusetts and it was quite evident at the very beginning that I should conceal the fact that I had a college degree because it would go very hard against me. Another fellow who joined the paper at the same time also had a college degree and he made the mistake—and this is where I learned my lesson—of asking the city editor if he could cover a conference of bankers because he had a degree in economics, and the city editor blew up and said "I can't ever have you cover any business affairs" because he genuinely believed that if you had a degree in economics this would hopelessly damage the man's judgment. There was a great deal of anti-intellectualism in the press before because a great deal of the material of the press was crime, the service of politics,—the most flamboyant part of politics—and it took a person who was quick, aggressive and had an eye for the flamboyant, and that is quite different now. So in answer to your question it does require a different kind of person and we are getting it. Our job is to keep them satisfied. The Washington Post has about 20 summer interns a year, juniors in college who want to try out to be newspaper people and whom we want to look at. It had 750 applications—we interviewed about 150 people—the editors themselves went out and talked to them—another editor and I talked to about 37 of them in Boston one weekend. They had astronomical intellectual ratings according to their College Board scores. Three of them had 800 which is the absolute impossible maximum, but they were not only just intellectually acute—they were involved politically, socially, and this creates problems because we asked each and every one of them "When was the last time you marched in a demonstration?" And out of the 7 only three had not marched. And then our question was—and this is what comes when you have active, intelligent, highly motivated people—our question was "How can you separate your role as a journalistic observer from your role as an activist—how can you report something of which you yourself are a part—

what if on your day off you were part of a moratorium anti-war march and you went down to the police station demanding a parade permit from the police, who did not give it to you, and the next day as a reporter you go down and say, "What are you doing about that parade permit for the marchers?" How can you expect the sergeant to think that you are a detached observer?" It is a very difficult question because their reply generally was, "Well, in addition to being a reporter I am also a citizen and I have an obligation to my country that I think is very important." So we are getting the benefit of some of the brightest—thank God—for some of the brightest young people in the country, and this is for the first time, I think, in the last five or ten years, but we have to struggle with the fact that we are asking them, even though they are highly motivated and moved by events which, is why they want to be journalists—they have to adopt a discipline that will not only give them a detachment but have them be seen as being fair. We don't really ask them to be inhuman—we ask them to be fair and to be critical of their own reactions. Yes, we are getting a higher calibre person than has ever entered journalism before. It is making for some problems—they come in with their buttons and we make them take them off when they go out on a story, but that we struggle with. Yes, we are getting a new kind of journalist.

**Senator McElman:** Well, in addition to the new kind of journalist do the media find that they are turning more and more as well to the academic community, professional community for part time efforts, part time contributions?

**Mr. Bagdikian:** Yes. I think that the relations between the major newspapers and broadcasters and the academic community are much closer than they ever were before. They aren't as close as they ought to be because when you get to the smaller paper this is rare but in the larger organizations yes, this is true. Partly again because most journalists are now college graduates, so they don't have the same kind of hostility and fear for the academic community. As a matter of fact sometimes I think the academic community is falling behind, that some of the better journalists are much more inquiring and innovative, but that is only half true of course. Yes, the relationship is much closer and also in another way—the contribution of people in the academic community, direct personal contributions, articles, being consulted on areas



in which they are expert, is happening more and more. In addition to that, more and more journalistic organizations have mid-career projects for their people who will maybe take six months off, or a year, and go to university. There are not enough, but still quite a number. We have the Nieman Fellowship at Harvard, a similar fellowship at Stanford University, and there are many specialized two, or three, or four year courses at universities. So that a reporter who is going to specialize, say, in urban affairs is detached by his paper for three or four months—he studies the course with urbanologists. He may go around the country talking to city planners and then he goes back to his paper with this kind of background. These ties are increasing and I think it is quite productive.

**Senator McElman:** Mr. Chairman, I have only one other question at the moment. You spoke of the cable systems and that one currently being installed in an American city will have 42 channels. Do you know how they propose to fill those channels—are they going to do it with the standard type of TV stations which now exist or do they have a specialized programming for some of these channels?

**Mr. Bagdikian:** I don't know. It is in San Jose, California. I hope it is not with all commercial programming, but I don't know the answer to the question. But I do know that in many of the systems that are being installed they are already having transmissions that are not just commercial television or even non-commercial television. In some cases it is a kind of monitoring service to which you have a clock, a wind gauge, a thermometer, and so forth, and others simply have a channel with a camera on a wire service teletype machine so that you can see the news coming up all the time. On others there is a monitoring of public meetings, and then on others there is some commercial but non-journalistic and non-entertainment programming being planned. In New York at least six months ago there was a plan to use part of a cable, for example, to go to doctors so that when a doctor, for example, diagnosed a patient as having diabetes and would ordinarily take an hour out to describe or explain to the patient what it meant to have diabetes and how to deal with it—instead he would talk to the patient and then bring him to a closed circuit television, dials a number to a cable company and they would play an hour-long program on what it is to have diabetes.

This will also be used by drug companies to produce drug advertising to doctors instead of

having the salesmen go in person. So there are many ideas on filling these channels. But in the case of the one of San Jose, I don't know what their plans are, but I think it is a good question.

**The Chairman:** Mr. Fortier?

**Mr. Fortier:** These increasingly better educated journalists of which you speak Mr. Bagdikian, do they enjoy the same privileges as you did 25 or 30 years ago in being a reporter, or do they have obligations which are not commensurate with the ones that you had?

**Mr. Bagdikian:** No, I can see no disadvantage. Unlike me they did not take a vow of poverty! They have much freer access—I mean socially and personally with all levels of the community than I had. I don't think that they suffer any disability except that they have more difficult stories to deal with. We don't expect them just to come out with a police story on everything they go out on. We could get away when I started with having the names and addresses correct, and not always that, but we weren't supposed to understand anything, we weren't supposed to deal with complicated subjects. If we went to a conference we just found the most outspoken and loudest person and reported him. Now, this still happens, obviously. But the newer breed, I don't think, suffer great inhibitions except that they are much more socially active than we were. It was much easier for us to take this vow—the priesthood of discipline, of not getting involved in the things you were reporting. But it is not so easy for them. The issues of our time are not that easily set aside. I don't think they give up anything for this. I think it is vastly more exciting. I suppose it is self-criticism, but the better people dropped out of journalism after a while because it was not rewarding. After you have covered the hundredth police story, it gets rather dull. I think that won't be the case now. I think the stories are more challenging so I don't think they give anything up. I think they gain a great deal from this.

**Mr. Fortier:** The notes which they gather today and the pictures they maintain, the photographs which they may take—how personal to themselves or to the newspapers for which they work, how privileged can they become? Is there not a recent history in the United States of reporters being called upon by law enforcement agencies to assist in criminal investigations?

**Mr. Bagdikian:** Yes. That is a very serious problem in the United States and getting worse.

**Mr. Fortier:** I wonder if you could expand on that somewhat for the benefit of the committee?

**Mr. Bagdikian:** Well, traditionally of course the newspaperman or a journalist and his source—it has been a matter of not legal privilege—I think there are 12 states in which there is some statutory protection, but in most cases there is not. But as a matter of tradition and practice, a journalist who gives his word that he will not disclose his sources of information, and does, suffers in the eyes of his colleagues and, of course, he suffers in the eyes of his sources. It is considered not only bad form, but unethical to disclose any source whom you have promised to keep confidential. And this has gone to the point where newspapermen have been ordered in court to disclose them and have not, and some of them sometimes have gone to jail. This is accepted within the trade and it is even accepted as a gesture officially, although you may be punished for it, but something new has happened. Incidentally it was also accepted in this way: occasionally a reporter will come and say "I know such and such a thing will happen and I know it from a very good source." And his editor will say "What is the source because we will not run the story unless we have reason to believe it is factual?" And if it is a senior man he will say "I can't tell you." And you then have to trust him. But if it is a junior man you might say "Well, I won't run the story unless you tell me." And then he may say "Well, I can't tell you" and it is agreed that you don't run the story. This is the kind of atmosphere that exists. Great care on the protection of confidentiality—not just because it makes for more comfortable journalism, but because a great deal of news is not possible otherwise. Policy in government always operates like photographic film—it develops best in the dark—and policy-makers don't like to have rays of light coming in, and yet if there is never any disclosure of policy formation, the citizen gets a *fait accompli* and it is too late for him to change. I think this is quite legitimately important to journalism because in the United States we are going through very turbulent times with a great deal of demonstration, agitations and revolutionary activities, and because many people are frightened and because law enforcement officials and

governmental officials are in the business of prosecuting illegal activities and conspiracies for illegal activities. Much of this information is concealed from them by radicals and by revolutionaries and yet this activity is some of the more important news of the day, which means that journalists hear the radicals, attend meetings of revolutionary groups, they do articles on what these groups are thinking and saying, they attend meetings and demonstrations in which destruction and illegal activities occur, and then the authorities will say "All right, we are thinking of indicting this group for an illegal act and you were present at a meeting in which they discussed this—give me all of your notes and tell us what they said"...

**Mr. Fortier:** What has been the reaction?

**Mr. Bagdikian:** The overwhelming reaction of working as journalists is to decline. Most managements have supported them in a sense that most managements will not turn over upon demand the material which has not been published. For example, if there is a large demonstration in Washington our photographers may take many thousands of photographs of which maybe four or five are printed. Later on, let us say, there is a riot or an attack on an embassy, or something like that, and the law enforcement authorities will come with a subpoena and say, "We want all of your negatives." Well, on the surface to the law enforcement agency this looks like a legitimate request. We are citizens, we have been witness to what might be a crime, and we are being asked to co-operate with the authorities. They don't understand very often why we will say "No, we won't. We will give you the prints of what we publish, but we don't want to turn over our files." Of course we don't because to do so systematically is to become an instrument of the authorities and to do so makes you seem as an instrument of authority and already we are being told by people whose meetings we are attending, sometimes in jest and sometimes not in jest, "You are getting paid by the FBI today", and this sometimes extends to PTA meetings. So that already some of the public is seeing the press as an agent of the law enforcement authorities because later the authorities may subpoena their material and this of course is destructive of reporting. It does create a difficult problem for many reporters who don't want to fail to co-operate in the prosecution of a crime. It is a serious problem and I think in the end journalists must not become



instruments of government and one of the minor reasons is that frequently the confidential source they don't want to disclose is the government itself.

I talked to one reporter who said, "I hope they don't subpoena all my records because some of them are from FBI agents."

**Mr. Fortier:** Was any such case carried to its legal conclusion?

**Mr. Bagdikian:** No, but I would be surprised if it were not within the next year or so. Well, it has been carried to the legal conclusion in a sense that some reporters have gone to jail in recent years. What happens is there is a confrontation and one side or the other backs down. Usually the law enforcement agency backs down but sometimes not. There have been reporters who have gone to jail for refusing to disclose their sources and this is now very much an issue in the United States with the newspapers and broadcasters and their working reporters trying to work out some arrangements which will protect their confidential files, protect their image in the public as not being law enforcement agents and somehow not go to jail in very large numbers.

**Mr. Fortier:** You have indicated that by and large your reporters have the vocal support of the publishers. Is that correct?

**Mr. Bagdikian:** It varies. My impression is that working reporters are much more firm about this than management, partly because management has the advice of lawyers and the lawyers almost universally say in the end there is no law that will protect you from going to jail. And since the lawyer's job is seen by him anyway to keep you out of jail, he says don't go to jail.

The reporter is not as well advised as this—he knows about this and he is told about this, but he is of course the man who is at the point of this and while it remains to be seen how strongly he feels about it, how many will go to jail, in a general my impression is that the reporters are much more doctrinaire about not submitting information to the authorities than are the management. The management generally have the better organization and take the view "Let's sit down with the authorities, explain to them why we won't and see how important it is to them that they have this material." It frequently turns out that it is not terribly important. The fact is that the authorities usually send out

their own cameramen masquerading as newspapermen, but they aren't very good cameramen. They put the settings wrong, they forget to take the lens cap off the camera, and then they come to the newspaper and want the pictures. But in general I think that this is a serious problem and one which we will hear a great deal about.

**Mr. Fortier:** Would you be in favour of legislation which would give a special protection for the reporter's sources?

**Mr. Bagdikian:** No, I have an irrational position on this. My irrational position is that wherever possible journalists should not ask for special privileges, and where in this case in effect they are asking for a special privilege which is to say to practise civil disobedience...

**Mr. Fortier:** Yes.

**Mr. Bagdikian:** They should be prepared to go to jail. That is a very brave thing to say in this room but I think in the end that is what it comes down to. I would not want to see entrenched privilege for journalists which are not available to other people.

**The Chairman:** Senator McElman?

**Senator McElman:** In these circumstances would there not be an additional concern by management as well, the journalist, and publisher, and so on, that if it became known that they were turning over information wholesale that when there were marches and demonstrations, violent and otherwise, that they would find themselves roughed up, and cameras broken, and so on? Isn't that one of the primary concerns?

**Mr. Bagdikian:** Yes it is.

**Senator McElman:** The concern?

**Mr. Bagdikian:** It is a concern and that has already happened. Newspapermen have been attacked because they either have been suspected of being law enforcement agents in disguise, or people who are going to get evidence which later will fall into the hands of law enforcement agencies.

**The Chairman:** Mr. Spears?

**Mr. Spears:** Well, a couple of questions arising out of a few things that Mr. Bagdikian has said. You said a little while ago, Mr. Bagdikian, that the American audience by and large is much more sophisticated and



discriminating than it has ever been before. I would like to ask you how do you reconcile this for example with the lowest-common-denominator level of TV programming, which you deplore?

**Mr. Bagdikian:** I don't think that they are contradictory although I don't know why they are not contradictory. That is to say I think they are more sophisticated and better educated and I think they are generally addicted to things I deplore on television. There are surveys which show that college professors like Gunsmoke to the same degree as people who have never finished high school. At the same time, the most careful survey I have seen shows that watching of television declines proportionately with education, so that I think that while college professors apparently like to see Bonanza or Gunsmoke, the fact is they don't look at television as much as other people, and this is probably for a number of reasons. Don't forget that really television is the first universal mass medium we have ever had. You don't have to know the written language, you don't have to know the spoken language. It is almost universal in the United States—97 per cent of the households—as a matter of fact, statistics show that there is slightly more television than electricity—so that it is almost universal. So it is a medium which encompasses parts of the population that we have never before thought of as being part of the communications picture. We have never thought, for example, of the less educated, the lowest educated 30 per cent of the population as being in audience for our newspapers and magazines. Radio somewhat, and television does.

So that both in the mass media and in our educational systems much of the low quality performance which we are inclined to attribute to personal performance and a degradation of personal performance I think is in fact not a degradation at all, but inclusion in the process of people who were totally out of it before. The person who did not read very well in the fifth grade, never even went to the fifth grade, who never even was taught reading, the person who watches the television six and a half hours a day which I see is the national average in the United States—I am sorry, I am falling into the semantic trap of the broadcasters. The statistics they have show that the average household has a television set turned on six and a half hours a day which is very different from watching one six and a half hours a day. But at any rate here is an exposure of an almost total population,

from infancy, which was never before included in communications.

Also there is this other thing—I think the fall-off of television viewing as you get higher education isn't altogether the fact that while we are so sophisticated we deplore the low level on television so we don't watch it—it is partly that undoubtedly. But it is also because as you get more educated, or if you get in a more responsible occupation, you find yourself busy during the prime viewing hours. You are attending meetings, you are attending hearings like this, you are having business dinners, so you aren't there for the six o'clock news, and then you go back at 11.30 p.m. and it is too late to catch the news and you are pretty tired so you don't watch.

**Senator McElman:** You sure are describing this committee!

**Mr. Bagdikian:** I trust that these hearings have some benefit. It keeps you from evil ways! I think that the low level of television is partly that. Then the other thing is that because advertising is placed on commercial television on the basis of sheer numbers and because our broadcasting stations are powerful and cover fairly large areas, the winner in this game tends to be the one with the biggest number.

If there should be cultivated people like you and me who watch not Bonanza but let's say Gunsmoke instead, and there are half a million people who, say, watch Gunsmoke, and let's say 20,000 people who watch some other programming—minority interest programming—the way they detect this in order to sell advertising is to do a sampling survey, sometimes by telephone and sometimes by having a meter on the television set or sometimes by asking a certain number of people to keep a diary, but they do this only by sampling. One sampling, for example, of the entire City of New York which has 8 million inhabitants is done by 36 phone calls. Now, this is perfectly defensible as a sample of the whole population, but you will never discover the audience of 20,000 or 50,000 this way. To discover that audience you have to do very intense sampling and that is more expensive than you can afford if you are broadcasting to a small audience. It seems to me that one of the advantages of cable is that it is a wire going to the home, it will be definite which home is listening to what program at what time, and at that moment minority programming becomes possible; then we will get a better picture...

**Mr. Spears:** It will become salable?

**Mr. Bagdikian:** It will become salable, because you can prove the audience in the same way that a specialized magazine can prove its audience, by the people who do the buying, and they can prove the delivery. So I think that the combination of including the whole population which is getting sophisticated with television, plus the fact that we have no mechanism for identifying the audiences—that explains the fact that we have such a low average on television. But, nevertheless, great popularity.

**The Chairman:** You have a second question, Mr. Spears?

**Mr. Spears:** Well, I don't want to keep the Senators away from their television sets. There was one other thing Mr. Bagdikian was talking about...

**The Chairman:** There are a lot of other things.

**Mr. Spears:** Yes, a lot of other things. But just one other question. You talk about the growing size and the growing remoteness of the newspapers, particularly, from their communities. The phrase you used was that we must scale the media down to human size, which struck me as a very desirable objective. With the new technology, for example, is there a possibility of more smaller, closer to the community newspapers being established? Do you see that happening?

**Mr. Bagdikian:** Yes, I think it is already happening. It is happening for example with weekly papers, the small offset papers. The young people who have \$10,000 or \$5,000 begin a paper in a small town because they don't have to buy a big plant and they can go to a job contractor and do it—it is happening with the underground press. The kids have learned that they can put together all kinds of wild things that they can't get published elsewhere and they put it out by going to a contractor without running a big plant. So I think the technology is supporting that.

I think the technology will continue to develop but I still think it is an open question whether it will be put to use in this way; that is, serving particular needs and particular communities, unless we make it easy for people to do this. I think that it is very easy for a large organization to blanket an area and to make it almost impossible for a newcomer to start, but the cost of small papers is

going down,—and at that time this will not be so unequal a battle. And I am told that the fastest growing newspapers in the United States are the suburban newspapers. On the whole they aren't very good newspapers because they respond as much to local advertising as they do to the local and social political needs. I am hoping they will evolve into serving this also. I think that is already happening and I think it is very important that it should.

In addition to that, I think large papers will find it possible to publish highly localized editions which they cannot do now. The central printing plant now is a very cumbersome factor and there is no good substitute for it, but I think we are approaching the stage in time and technology where it might be possible for big papers to publish highly localized editions in small towns.

**The Chairman:** Senator Petten?

**Senator Petten:** Mr. Bagdikian, you mentioned that DuPont of Delaware were considering selling their papers. Did they in fact get rid of them?

**Mr. Bagdikian:** No, and the consideration was purely a tentative internal one, or speculative one. They were under some criticism because they were suspected by evil-minded persons, including myself, of using their papers to benefit the corporation, which they quite honestly admitted and they didn't see anything wrong with it. It bothered some people on the corporation that the criticism of their newspapers might hurt the corporation and therefore they ought to consider divesting themselves of the papers. It was just internal speculation without, I think ever getting to the point of actively pursuing it. There were memorandums exchanged in which the most important point was if they did they should sell it to someone who had the same views as they did. And then also have it part of this agreement that if the buyer ever sold it again they would have to offer it back first so that a third buyer would not be of a different viewpoint. So, so far as know it never reached the point of actively trying to sell it.

**Senator Petten:** It was because of the conglomerate interests that they got a little concerned about it?

**Mr. Bagdikian:** Yes, that is right.

**The Chairman:** Mr. Bagdikian, several of our colleagues have other commitments and



therefore time is becoming of the essence. I therefore propose to put to you only three other questions. I think some of us would like to keep you here until one o'clock in the morning, but unhappily that can't be the case.

First of all, if I may, on press councils—the whole press council concept is one which is of great interest to this committee. We have heard a great deal about it from publishers who have been before the committee about national press councils and local press councils. If, sir, you have any information which you could supply the committee, information certainly which we could return, we would be most interested. I would be delighted to know when the book is coming out?

Perhaps I could just put two questions to you about press councils, or about these local press councils. I am wondering what size these communities were and what some of the communities were in fact, and did these local press councils concern themselves with the newspapers only, or with all media? And was there more than one newspaper in some of these communities?

**Mr. Bagdikian:** First of all I will be happy to send some articles which are fragments...

**The Chairman:** We would be terribly grateful. It is perhaps an imposition, but it would be most helpful.

**Mr. Bagdikian:** No, not at all, senator. And we hope the book will be published later this year.

**The Chairman:** How much later this year?

**Mr. Bagdikian:** Probably in the latter part of the year. I will try to get whatever information I can to you. We did not have any general press councils in any very large cities and that is a problem. We had them in small newspaper towns for the most part. They were in Bend, Oregon; Redwood City, California; Carroll, Illinois; Sparta, Wisconsin, and these are relatively small communities...

**The Chairman:** What would be the biggest?

**Mr. Bagdikian:** Well I guess Redwood City would be the biggest one.

**The Chairman:** And how many people would be there?

**Mr. Bagdikian:** Well I guess Redwood City must be around 100,000. It has only one paper and the council included only the publisher.

Now, we had two other councils that were in larger cities—St. Louis and Seattle, but these were special ones in which all of the media representatives sat down with representatives from the black community. These were specific summer projects with the black communities and even there there was a problem of having a large number of people with differing goals and viewpoints, that when you got three or four television proprietors and two or three radio people and two newspaper publishers sitting down with ten or twelve community representatives, there was chaos. There was creative chaos, a great deal of hostile shouting back and forth, but very useful. It demonstrated the problem we knew we would have in large cities. I don't know if there has been a satisfactory solution. In the larger city there is a problem first of all of many media representatives, then also how do you pretend you can have a manageable group of representatives of let us say half a million people? There are a number of groups in the United States that are wrestling with this problem. I think it is a problem when you get into larger cities with many media representatives. I think it can be solved—one of our failures was in St. Louis where we had half a dozen media people and maybe a dozen representatives from the black community. It failed in the sense that nothing seemed to be organized to get done—there were half a dozen arguments going on at the same time, but it was very useful for everybody involved because what happened after was that they realized that they had to focus on one thing at a time and so at subsequent meetings they would pick one subject and that tended to bring less chaos and people were able to express themselves more coherently.

At the very least it told us that this problem is soluble—you just have to use a different technique when you get into larger cities, but I think it was very important. I think it is very important that you have a third party as a moderator. In our case it was always a university person, a professor of political science, or journalism. But someone who organizes the meeting, who is the honest broker, and who also can focus the meeting because it turns out that even some of the leading representatives of the communities don't know enough about newspapers or broadcasting to really focus on the problem constructively. So that the moderator is also useful in saying "O.K., next week look at this part of the paper and look for this sort of thing. Look at the social pages, for example, as representative of the community or not—



well, maybe they had never thought about that before because one of the things you discover of course is that people are educated by their media. If you grow up with one kind of newspaper you accept that as the standard and sometimes it takes an outside voice to give you a new perspective. I think this is soluble, but with the larger communities it is more difficult.

**The Chairman:** The second of my three questions is a pretty tough question to answer in a few minutes. Would you give us just a word or two with the benefit of your great knowledge about the future of the magazine industry in your country, which I am sure will be relevant—perhaps we will draw our own relevance—but what is the future of the magazine industry in the United States?

**Mr. Bagdikian:** Well, as one of the rats that swam off the sinking ship—the *Saturday Evening Post*—I have a little experience with it. I think that television marked the end of the general circulation magazine, mostly for advertising reasons. The general circulation magazine that went out to a broad national population covering most of the reading public was a very efficient advertising medium. You could reach more people at more different times at less cost with this one publication than any other way. Television can do it much more cheaply. It goes to everybody. The exposure per person is much less than any magazine, and I think that is why the *Saturday Evening Post* failed, *Collier's* failed, *Liberty* failed, and I think *Look* and *Life* are having troubles. I would be surprised if they are around five years from now. But the specialized magazines are doing very well. That is because broadcasting again can't prove that it reaches a special audience and if you sell carburetors to my son—which everybody does—then you advertise in an automobile magazine, the motor car fan magazine, because you know that it is going there, and the man publishing the magazine can prove that it is going there. You can't do

it on television because not only are you broadcasting to my son, but you are also broadcasting to 50 million people who don't care about your product but for whom you are paying.

If I had to guess I would say that the specialized magazine will prosper and the generalized one would wither.

**The Chairman:** Thank you.

My third question, and unhappily the last question for this evening is this: Is the *Washington Post* still the most irritating paper in the country today?

**Mr. Bagdikian:** I find it a splendid publication.

**The Chairman:** In the publication I quoted from in the beginning you listed qualities of greatness in newspapers in the United States in the 1960s. I read them with great interest and it occurred to me this evening with your presentation that you have demonstrated these very qualities. For the benefit of the Senators, they are authority, comprehensiveness, art, professionalism and a reliable sense of priority. I think in your presentation this evening, for which we are so terribly grateful, you have demonstrated that you possess each one of these qualities. We are particularly pleased because we know it is an imposition to bring someone as busy as you to Ottawa, but I think you can have some idea of how helpful this discussion has been and I am sure I am speaking for the entire committee when I thank you most sincerely.

**Mr. Bagdikian:** Thank you very much.

**The Chairman:** May I remind the senators of the timetable for tomorrow. All meetings are in this room. At 10 a.m. we have CFPL Broadcasting Limited and at 11.15 a.m. we have CHSJ Television, Saint John. And at 2.30 tomorrow afternoon Mr. Pierre Berton, author and broadcaster.

Thank you.

The Committee adjourned at 9.50 p.m.



Government  
Publications



Second Session—Twenty-eighth Parliament

1969-70

# THE SENATE OF CANADA

## PROCEEDINGS

### OF THE

### SPECIAL SENATE COMMITTEE

### ON

# MASS MEDIA

The Honourable KEITH DAVEY, *Chairman*

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No. 36

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WEDNESDAY, MARCH 25, 1970

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### WITNESSES:

*CFPL Broadcasting Limited, London, Ontario:* Mr. Murray T. Brown, President and General Manager; Mr. C. N. Knight, Station Manager, CFPL-Radio; Mr. W. C. Wingrove, Station Manager, CFPL-Television; Mr. W. R. Laidlaw, News Director, CFPL-TV; Mr. T. H. Bremner, News Editor, CFPL-Radio; Mr. J. A. Plant, Production Manager, CFPL-TV; Mr. G. A. Bingle, Program Manager, CFPL-Radio; Mr. G. A. Whitehead, News Director, CFPL-Radio.

*New Brunswick Broadcasting Company Limited, St. John, N.B.:* Mr. Ralph Costello, President; Mr. George A. Cromwell, General Manager; Mr. W. A. Stewart, Manager, CHSJ-TV; Mr. W. K. Donovan, Managing Editor, News, CHSJ-TV and CHSJ-Radio; Mr. D. M. Burrows, Manager, CHSJ-Radio.

*Mr. Pierre Berton, Broadcaster and Author.*

1969-70

MEMBERS OF THE

SPECIAL SENATE COMMITTEE ON MASS MEDIA

The Honourable Keith Davey, Chairman

The Honourable L. P. Beaubien, Deputy Chairman

Beaubien

Bourque

Davey

Everett

Hays

Kinnear

Macdonald (*Cape Breton*)

McElman

Petten

Phillips (*Prince*)

Prowse

Quart

Smith

Sparrow

Welch

(15 members)

Quorum 5



## ORDERS OF REFERENCE

Extract from the Minutes of the Proceedings of the Senate, Wednesday, October 29th, 1969.

With leave of the Senate,

The Honourable Senator Davey moved, seconded by the Honourable Senator Lang:

That a Special Committee of the Senate be appointed to consider and report upon the ownership and control of the major means of mass public communication in Canada, in particular, and without restricting the generality of the foregoing, to examine and report upon the extent and nature of their impact and influence on the Canadian public, to be known as the Special Committee of the Senate on Mass Media;

That the Committee have power to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of the inquiry;

That the Committee have power to send for persons, papers and records, to examine witnesses, to report from time to time and to print such papers and evidence from day to day as may be ordered by the Committee;

That the Committee have power to sit during adjournments of the Senate and that Rule 76(4) be suspended in relation to this Special Committee from 9th to 18th December, 1969, both inclusive, and the Committee have power to sit during sittings of the Senate for that period;

That the papers and evidence received and taken on the subject in the preceding session be referred to the Committee; and

That the Committee be composed of the Honourable Senators Beaubien, Davey, Everett, Giguère, Hays, Irvine, Langlois, Macdonald (*Cape Breton*), McElman, Petten, Prowse, Sparrow, Urquhart, White and Willis.

After debate, and—

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Thursday, November 6th, 1969.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Smith:

That the names of the Honourable Senators Giguère and Urquhart be removed from the list of Senators serving on the Special Committee of the Senate on Mass Media; and

That the names of the Honourable Senators Bourque, Smith and Welch be added to the list of Senators serving on the said Special Committee.

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Friday, December 19th, 1969.

With leave of the Senate,  
The Honourable Senator McDonald moved, seconded by the Honourable Langlois:

That the names of the Honourable Senators Bélisle and Phillips (*Prince*) be substituted for those of the Honourable Senators Welch and White on the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Tuesday, February 3, 1970.

With leave of the Senate,  
The Honourable Senator McDonald moved, seconded by the Honourable Langlois:

That Rule 76 (4) be suspended in relation to the Special Committee of the Senate on Mass Media from 10th to 19th February, 1970, both inclusive, and that the Committee have power to sit during sittings of the Senate for that period.

After debate, and—  
The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Thursday, February 5, 1970.

With leave of the Senate,  
The Honourable Senator McDonald moved, seconded by the Honourable Senator Haig:

That the names of the Honourable Senators Quart and Welch be substituted for those of the Honourable Senators Bélisle and Willis on the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Tuesday, February 17, 1970.

With leave of the Senate,  
The Honourable Senator McDonald moved, seconded by the Honourable Senator Connolly (*Halifax North*):

That the name of the Honourable Senator Kinnear be added to the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Tuesday, March 3, 1970.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Denis, P.C.:

That the name of the Honourable Senator Langlois be removed from the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Tuesday, March 3, 1970.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Denis, P.C.:

That Rule 76 (4) be suspended in relation to the Special Committee of the Senate on Mass Media from 4th to 13th March, 1970, both inclusive, and that the Committee have power to sit during sittings of the Senate for that period.

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Thursday, March 19, 1970.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Smith:

That Rule 76 (4) be suspended in relation to the Special Committee of the Senate on Mass Media on 24th and 25th March, 1970, and from 14th to 23rd April, 1970, both inclusive, and that the Committee have power to sit during sittings of the Senate for that period.

After debate, and—

The question being put on the motion, it was—  
Resolved in the affirmative.

Robert Fortier,  
*Clerk of the Senate.*





## MINUTES OF PROCEEDINGS

WEDNESDAY, March 25, 1970  
(36)

Pursuant to adjournment and notice the Special Senate Committee on Mass Media met this day at 10.00 a.m.

*Present:* The Honourable Senators: Davey (*Chairman*); Beaubien, Kinnear, McElman, Petten, Smith and Sparrow. (7)

*In attendance:* Miss Marianne Barrie, Director and Administrator; Mr. Borden Spears, Executive Consultant; Mr. Yves Fortier, Counsel.

The following witnesses were heard:

Mr. Murray T. Brown, President and General Manager, CFPL Broadcasting Limited, London, Ontario;  
Mr. C. N. Knight, Station Manager, CFPL-Radio;  
Mr. W. C. Wingrove, Station Manager, CFPL-TV;  
Mr. W. R. Laidlaw, News Director, CFPL-TV;  
Mr. T. H. Bremner, News Editor, CFPL-Radio;  
Mr. J. A. Plant, Production Manager, CFPL-TV;  
Mr. G. A. Bingle, Program Manager, CFPL-Radio;  
Mr. G. A. Whitehead, News Director, CFPL-Radio;  
Mr. Ralph Costello, President, New Brunswick Broadcasting Company Limited, St. John, N.B.;  
Mr. George A. Cromwell, General Manager, New Brunswick Broadcasting Company Limited;  
Mr. W. A. Stewart, Manager, CHSJ-TV;  
Mr. W. K. Donovan, Managing Editor, News, CHSJ-TV and CHSJ-Radio;  
Mr. D. M. Burrows, Manager, CHSJ-Radio.

At 1.20 p.m. the Committee adjourned to 2.30 p.m.

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At 2.30 p.m. the Committee resumed.

*Present:* The Honourable Senators: Davey (*Chairman*); Beaubien, Kinnear, McElman, Petten, Quart, Smith and Sparrow. (8)

*In attendance:* Miss Marianne Barrie, Director and Administrator; Mr. Borden Spears, Executive Consultant; Miss Nicola Kendall, Research Director; Mr. Yves Fortier, Counsel.

The following witness was heard:

Mr. Pierre Berton, Broadcaster and Author.

At 4.45 p.m. the Committee adjourned to Tuesday, April 14, 1970, at 10.00 a.m.

ATTEST:

Denis Bouffard,  
Clerk of the Committee.





## SPECIAL SENATE COMMITTEE ON MASS MEDIA EVIDENCE

OTTAWA, Wednesday, March 25, 1970.

The special Senate Committee on Mass Media met this day at 10.00 a.m.

**Senator Keith Davey** (*Chairman*) in the Chair.

**The Chairman:** Honourable Senators, ladies and gentlemen, this morning marks the final day of gearings prior to the Easter recess. For Senators and others who are interested the Committee returns on the 14th of April for two weeks of sittings, then the hearing phase will be complete.

Meanwhile today we have I think three very worthwhile and interesting witnesses. This afternoon Mr. Pierre Berton, this morning CHSJ Television from Saint John and the brief we are going to turn to now which has been submitted by CFPL Broadcasting Limited. The CFPL team is headed by Mr. Murray Brown who is on my immediate right and who most of the Senators will recognize. Mr. Brown is the president and General Manager of CFPL Broadcasting Limited.

On my immediate left is Mr. C.N. Knight and Mr. Knight is the Station Manager for CFPL Radio.

Sitting next to Mr. Brown is Mr. W. C. Vingrove who is the Station Manager of CFPL Television.

Next to him is the News Director for CFPL Television, Mr. W. R. Laidlaw.

Next to Mr. Laidlaw is Mr. Hugh Bremner, who is the News Editor of CFPL Radio, and then next to Mr. Bremner is Mr. G. A. Whitehead, who is the News Director for CFPL Radio.

And last but by no means least is Mr. G. A.ingle, who is the Program Manager for CFPL Radio.

I should say at once to you Mr. Brown, that we are flattered that you would bring so many members of the team and I am sure their presence will assist the hearing.

Now, you have been here so often before, both as a witness and as an observer that I hardly think it is necessary for me to go through my usual opening statement, so why don't you make your statement and then we still proceed to the questions.

**Mr. M. T. Brown, President & General Manager, CFPL Broadcasting Limited:** Thank you very much, Mr. Chairman.

**The Chairman:** I might say we are all mindful that we have dealt with CFPL Broadcasting rather extensively at other hearings and will be mindful of it in our questions.

**Mr. Brown:** Mr. Chairman, Honourable Senators, I would like to comment first in relation to Senator Davey's remarks about the number of people. I took quite seriously your suggestion which accompanied your initial guidelines indicating that you would like to hear from people actively engaged in news programming, and this is what we have done.

Our time is short this morning regrettably and consequently I will keep my opening remarks very brief.

The Chairman has very ably introduced the members of our group so that saves me this particular chore. I regret very much that Mr. Glen Robitaille, our Director of Engineering is unable to be with us today. As you know from my written brief I indicated that he would be accompanying us. Mr. Robitaille's son died accidentally on Sunday. Mr. Robitaille made a great contribution to the written brief and is highly respected throughout the country by other engineers and it is unfortunate he couldn't be with us because I am sure he could have made a great contribution today.

I think, Mr. Chairman, that it is important to bring to the Committee's attention that we felt it was desirable and in fact even necessary to set out the views of our radio and television people relative to the guideline question in two separate sections of the brief.

Radio and television are quite different media. Each has its own distinguishing characteristics and the peculiar nature of each medium demands a different kpproach to programming. The problem in each medium being quite different, the attitudes of radio and television people can vary quite remarkably. I trust you have found this evident in reading the different approaches taken by our people in answering these questions.

I don't wish to be redundant Mr. Chairman, but I was again going to bring to the attention of the Committee that a great deal about CFPL Broadcasting was made available by Mr. Walter Blackburn, the Chairman of the Board, both in his written submission and in his January appearance before you and you may recall that on pages 2 and 3 of our submission we did list the references to broadcasting which appeared in the Blackburn brief, should the Committee wish to ask any questions relating to these references.

Chapter 2 of our brief deals with the organizational structure of CFPL Broadcasting itself. We felt inclusion of this information would give the Committee a better idea, a better insight into how a broadcasting organization such as CFPL functions by showing the formal lines of authority and responsibility and the number of positions and the number of people required to fill them in order to provide a quality radio and television service. The balance of our brief departs from housekeeping and concentrates primarily on programming. Some of our thoughts about present day AM radio and CFPL radio in particular are put forth in Chapter 3. And in our references to CFPL programming we have placed additional references to our approach to informational or news oriented programming in which we felt the Committee had a special interest.

As a pioneer in frequency modulation broadcasting, we have attempted to draw from our experience in providing some views on FM. Appended to the brief is a copy of our submission made to the Canadian Radio and Television Commission last year commenting on the future of FM broadcasting in Canada.

In concluding Chapter 3 we describe briefly our affiliation with the CBC radio network and the unique experimental arrangement with the network involving both our AM and FM stations. The first part of the following chapter on television deals primarily with our relationship with the CBC television network.

Tables are included to illustrate the total programming mix of our television station, showing the programming by category as originated both by the network and by CFPL-TV. Again, recognizing the Committee's interest in news presentation, we have devoted several pages to the extensive news operations of CFPL Television.

We did not include detailed description of the many varied programs produced by CFPL-TV but we did append to the brief a copy of a comprehensive report on CFPL-TV's local programming activities. This report was prepared originally for the CRTC.

Competition from American television stations through cable television systems obviously gives us much concern. How does CFPL-TV continue to fulfil its obligations under the Broadcasting Act while competing with the free flow of American television programs via cable TV systems which are licensed by the Government of Canada? This paradoxical situation is outlined on pages 39 to 43 of the brief.

In Chapter 5 we present some views regarding the impact of changing technology on the mass media. Specifically we make some observations on the possible influence of the media of the wired city concept as a potential outgrowth of cable TV in its broadest sense. We conclude these observations by expressing our opinion that it is likely only a matter of time until the public will have an almost infinite choice of services available through cable. With proper policies of development, cable systems could do much to provide a useful Canadian material to homes but without careful research and carefully defined policies, uncontrolled development of cable systems could very readily destroy any attempt to utilize additional broadcasting as a means of maintaining and strengthening Canadian identity.

As you anticipated, Mr. Chairman, our brief had been completed at the time of receiving your list of all the supplementary questions. Although we did not provide specific answers in our brief to these supplementary questions we trust that much of the information included in our submission is relevant to these questions. If the Committee has questions to ask based on the supplementary questions, we shall do our best to provide answers.

I hope Mr. Chairman that you and the Honourable Senators will not consider me immodest if I conclude by saying that we are



proud of the contribution made by our broadcasting station to the life of Western Ontario. Appended to the brief is a list of national and international awards won by CFPL-TV along with excerpts of unsolicited letters of appreciation received by our radio and television stations. We believe these provide tangible evidence of the regard in which our stations are held both by the community and by the industry.

Thank you very much Mr. Chairman.

**The Chairman:** Thank you very much, Mr. Brown. I believe Senator McElman will start off with our questions this morning.

**Senator McElman:** First of all Mr. Chairman, I, as one member of the Committee would like to commend CFPL and the *London Free Press* for the amount of research, time and effort that has obviously gone into the preparation of these detailed and frank submissions. I know, speaking for myself, they have made my work much easier—they are terrific briefs, very good.

**The Chairman:** The foregoing was an untaped commercial announcement!

**Senator McElman:** Well, Mr. Chairman, I think it was quite appropriate.

**The Chairman:** That's fine, we take your point. Carry on.

**Senator McElman:** You are affiliated with the CBC with both your television and your AM stations?

**Mr. Brown:** Yes sir.

**Senator McElman:** How do you find your working arrangement in this affiliation—in programming for instance? Are you able to influence to any degree programming that comes on the network at the time that you are required to carry network programming?

**Mr. Brown:** Senator McElman, over the years we have had a good working arrangement with the corporation through joint committees established by the CBC. I think the short answer to your question is that the CBC will not change their basic programming approach which they feel is their interpretation of their mandate. However, they can be approached to change scheduling sometimes to make it more convenient for the affiliates. I was on the Affiliate Committee for several years and Mr. Wingrove and Mr. Knight are both on the Committee now. I think I would

like to have both of them possibly speak to it now. They are actively involved in this work at the moment.

**The Chairman:** Mr. Knight?

**Mr. C. N. Knight, Station Manager, CFPL-Radio:** I don't think we attempt to influence specific programs. I have found, however, through working as a vice-chairman of the Affiliates Committee that the CBC are susceptible to suggestions with respect to the broad affiliates' arrangements and in our particular case they have demonstrated their willingness to seek out different types of arrangements by involving themselves with us in a specific experiment, the details of which are in the brief.

Essentially they are this: We have come up with a formula on an experimental basis under which we present their programming on both AM and FM—the only premise being that we try and select programming which is compatible with what we are doing on those two stations. The experiment has been going on now for a year and a half and I think rather successfully. We have demonstrated by audience surveys that we were able to create a wider CBC presence in our community than we had before. I don't want to prolong the answer, but I think fundamentally the answer is that we find them willing to experiment, willing to listen to suggestions with respect to the broad philosophy of broadcasting.

We haven't frankly attempted to influence them with respect to a framework of a specific program.

**Senator McElman:** How often does this Affiliate Committee meet?

**Mr. Knight:** The Committee itself meets when necessary and it has been necessary about four times a year. There is a total Affiliates meeting once a year.

**The Chairman:** Well, before we leave radio perhaps I might ask just a question. It occurs to me that there might be a slight error in Appendix "B" but perhaps I might be wrong. CFPL-AM—CBC newscasts carried by CFPL-AM—shouldn't that be 10:00 p.m. instead of a.m.?

**Mr. Brown:** Yes.

**The Chairman:** It should be 10:00 p.m.?

**Mr. Brown:** That's right.



**The Chairman:** If any of the Senators are interested it is Appendix "B"—the second line reads 10:00 a.m. to 10:00 a.m.—it should be 10:00 p.m.

**Mr. Fortier:** Mr. Chairman, may I ask a supplementary of Mr. Knight?

**The Chairman:** Yes, you may, but I have one more.

**Mr. Fortier:** Fine.

**The Chairman:** I just wanted to ask about the special arrangement you have with the CBC for FM programming. The brief deals with it adequately so I simply put the question—would you recommend this kind of arrangement for other FM stations in the country?

**Mr. Knight:** Yes, I certainly would and I think that perhaps as a result of the experiment this development may evolve. What it amounts to really is simply matching the best of CBC programming, because what they do they do well, with the particular programming of the station on which it is being aired. In other words we were airing drama on A.M. radio immediately following a teenage rock music show which was totally incompatible. On the other hand, it had a great place on FM within the framework of a total arts, letters and science package. So yes, it is working.

**The Chairman:** And it could work for other stations?

**Mr. Knight:** That would be my view, yes.

**The Chairman:** Is the CBC happy with the arrangements?

**Mr. Knight:** I think so.

**The Chairman:** Is the CRTC happy with the arrangement?

**Mr. Knight:** I can't speak for them, but I haven't heard that they are unhappy.

**The Chairman:** Mr. Fortier?

**Mr. Fortier:** Your AM licence is endorsed as a CBC affiliate. You have made an arrangement under which the CBC feed to both the AM and the FM stations. To what extent does the CRTC have to be consulted prior to this arrangement being finalized, if at all?

**Mr. Brown:** Well, to what degree they have to be I am not sure but they were advised.

We brought them into our original exploratory discussion and have their blessing.

**Mr. Fortier:** I see.

**Mr. Brown:** On an experimental basis.

**Mr. Fortier:** Is this the CBC-FM sound which is carried on your FM station or is it the CBC-AM sound which is carried on your AM and FM station?

**Mr. Brown:** It is a combination of both. The reserve time package, as the CBC call it, for affiliates is a package which constitutes roughly 25 or 26 hours. When we entered into this experiment we extended that. We took a look at the total spectrum of what the CBC were producing and found that there were 17 hours that were totally compatible with what we were doing on AM and those were essentially news features—news and information features. We found, however, that there were 33 hours of things that they were doing for themselves, essentially for AM, but which happen to fit our particular programming format on FM and we were able to select the best of what they were doing. The result is, of course, that we now carry 50 hours in our market place. It varies of course in the spring and summer, it could be 51 or 52 hours. The importance to them is that there is in fact a CBC presence in our community on both stations...

**Mr. Fortier:** Yes.

**Mr. Brown:** ... within every two hour period pretty well throughout the 18 hours from 6:00 a.m. to midnight.

**Mr. Fortier:** And to what extent has this affected your financial arrangements with the CBC?

**Mr. Brown:** It hasn't affected them at all.

**Mr. Fortier:** Not at all?

**Mr. Brown:** No.

**Mr. Fortier:** It is the same as it was when the CRTC endorsed your AM licence?

**Mr. Brown:** That's right.

**Mr. Fortier:** And yet you get more...

**Mr. Brown:** I should add that there is relatively no financial arrangement. These shows that we have been talking about are unsponsored shows of the CBC in the main.

**The Chairman:** I think we should perhaps get back to Senator McElman's question—has Mr. Wingrove forgotten the question?

**Mr. W. C. Wingrove, Station Manager, CFPL-TV:** No, I haven't forgotten the question. Senator McElman, if I recall correctly, asked whether the affiliates through their connection with the CBC were able to influence programming?

**Senator McElman:** Right.

**Mr. Wingrove:** Yes, to a rather minor extent. The Affiliate Committee is composed of six members representing Canada generally from coast to coast and through them we feed viewer reaction to some of their dramas that may border on the area that causes concern...

**The Chairman:** What area is that, Mr. Wingrove?

**Mr. Wingrove:** Well, some place that was very disruptive was Yorkton, as I recall...

**The Chairman:** Are they disruptive in London?

**Mr. Wingrove:** I think London is a little broader.

**Mr. Brown:** And there is a greater choice of viewing.

**Mr. Wingrove:** The people that don't care to watch the CBC plays have seven American stations to choose from.

I think also we are able to influence, to some extent, their broad approach to programming in certain areas. For example, over the years, I think starting when Mr. Brown was on the Committee, we influenced the CBC to place their public affairs shows later in the evening where they wouldn't deny children their normal viewing and where there would be more adults in the audience. It is clearly recognized of course that the Corporation have the clear right to program the network as they see fit. It is clearly spelled out in the Broadcasting Act but of course they do listen to suggestions.

**The Chairman:** If I may just put a supplementary question to Mr. Brown. As a CBC affiliate which do you feel most, loyalty to the Corporation or the traditional private broadcaster's cynicism and scepticism of the Corporation?

**Mr. Brown:** I don't think we feel loyalty, Mr. Chairman. We have been affiliated for a long time and it is an alliance and it has not been an unfriendly alliance. I think it has

been a two-way street over the years and I don't have any scepticism about the CBC.

**The Chairman:** I was going to say hostility and I thought that would be unfair.

**Mr. Brown:** There is no hostility. I am sure the Corporation would be the first to say that, I am sure they have looked upon us as one of their favourite affiliates over the years and we have co-operated with them.

**The Chairman:** Well, we didn't ask them which was their favourite affiliate. Perhaps it might have been a good question to ask them!

**Mr. Wingrove:** I would share Mr. Brown's views. It is like a loyalty to a wife and to a mother, you know...

**The Chairman:** Do you have any comments, Mr. Fortier?

**Mr. Fortier:** None, Mr. Chairman.

**The Chairman:** Do you have a supplementary, Senator Smith?

**Senator Smith:** Yes, Mr. Chairman. I would like to know whether or not I could get an opinion from one of these gentlemen with regard to whether or not they agree with the submission of the CAB which was to this effect: That the CBC should get out of the business and they should be a programming corporation only.

**The Chairman:** I think we should put that to Mr. Brown because he is a past-president of the CAB.

**Mr. Brown:** Well, this is an old idea which was introduced some 25 years ago and has been updated. I think it is too late in time to reverse the function of the CBC. On the other hand, I think the idea needs to be looked at and maybe there might be some compromise. Personally, I nor my company favour this role for the CBC.

**Senator Smith:** Thank you very much.

**The Chairman:** Senator McElman?

**Senator McElman:** In a highly controversial situation—let us take "Seven Days" as an example—where controversy does develop within the CBC over a specific program, what reference, if any, do they make to the Affiliate Committee to determine the views of the affiliates on the matter of controversy?

**Mr. Brown:** They do after the fact.

**Senator McElman:** After the fact?

**Mr. Brown:** Yes.

**Senator McElman:** Then in effect you really don't take any part in the decision?

**Mr. Brown:** The decision to continue such a program?

**Senator McElman:** To continue it, to wipe it out?

**Mr. Brown:** We may suggest, if we don't like a certain series, that we don't think it is in the public interest and should be discontinued and then the CBC will make up its own mind as to what it wants to do. Again, I come back to my original answer to your question, Senator McElman, the CBC has its own interpretation of what its mandate is, what they should be programming. It is difficult to have them change from what they think they should be doing, which is a very comprehensive type of program to appeal to all people's knowledge. However, they are flexible in relation to not so much what goes into a program, but the scheduling of it. One of the things that we have, I think, successfully accomplished is to make the CBC network, particularly the television network, a viable entity. It can only be that with popular programming and a certain amount of American programming skilfully weaved through the total program schedule. The Corporation believes in this now and I think this was evident in Dr. Davidson's views before you. What is the point of having a CBC television network, if enough people don't watch it? Therefore, it has to have popular programs interwoven with documentaries and public affairs programs.

Now, in the case of the radio network, this is not so. It is more of a public affairs network and its whole approach is not to appeal as a popular network. I think the CBC is looking very carefully at its radio network wondering what its future role is to be. I am sure they are not certain themselves what it should be.

**The Chairman:** What do you think the future role of the CBC radio network should be?

**Mr. Brown:** I am not sure, Mr. Chairman. I don't think what they have today is right. I think there are too many sacred cows they are trying to appease.

**The Chairman:** Would you include Senators!

**Mr. Brown:** No. I am thinking for example of trying to please the Vancouver Symphony or the Halifax Symphony and so on and the end result is they are not getting very many listeners. You made this point very clear at the appearance of the CBC when you referred to the 8:00 o'clock news.

**The Chairman:** Yes. Did you have a supplementary, Mr. Fortier?

**Mr. Fortier:** Yes I did Mr. Chairman. It is again on this CFPL and CBC relationship. Mr. Brown, you seem to say that by and large the arrangement is working well—you are satisfied and the CBC are satisfied with you, according to what you have said. Now, you have a contract with the CBC—an affiliate contract—is this contract as you ideally would like it to be or would you like to see changes in it?

**Mr. Brown:** Well, dealing first with the television contract—no, it is not an ideal contract because everything is pretty well in favour of the Corporation. There is an omnibus clause in the agreement which really says that the CBC can do almost anything in the way of programming if they say it is in the national interest. They could in effect take over almost all of your programming under the agreement. It is a lawyer's nightmare, Mr. Fortier.

**The Chairman:** A lawyer's dream!

**Mr. Brown:** In the case of radio we don't have an agreement at the present time. We just have a letter of understanding because we have a letter of understanding because we have special arrangements with them.

**Mr. Fortier:** What about the division of advertising revenue for example. Do you find that this is a fair and equitable distribution or division which the CBC ask you to subscribe to?

**Mr. Brown:** Yes. I think the formula for splitting the commercial revenue is quite fair. I believe it is better than what the U.S. affiliates receive with their networks and as Mr. Knight said there is practically no revenue in radio so it is unimportant.

**Mr. Fortier:** In the non-network periods are you able to sell your own advertising?

**Mr. Brown:** Yes, that is most important.

**Mr. Fortier:** Satisfactorily? The network commercial time does not preclude you from



selling advertising during the non-network time as you see fit?

**Mr. Brown:** No.

**Mr. Fortier:** There is no saturation which is reached?

**Mr. Brown:** No.

**The Chairman:** Senator McElman?

**Senator McElman:** Just on this last point. In some areas at least our information is that CTV affiliated stations have a greater listenership and are able to sell their commercial time much easier than the CBC affiliates. Do you find that as the CBC programming runs, the listenership drops and then you have difficulty getting back the listeners for your own program time that you want to sell?

**Mr. Brown:** We do on certain days, Senator McElman, yes.

**Senator McElman:** Is it a serious problem?

**Mr. Brown:** Not yet, but I think it is becoming increasingly more so with the growing competition from American stations. Yet we recognize the CBC's problem. They can't run popular programs all through the day. They have to have minority audience programs that they feel they must schedule. I can't quarrel with it because this is the type of service I think they are obliged to provide.

**Senator McElman:** And this is a problem that you are prepared to live with and overcome the best you can?

**Mr. Brown:** That's right, Senator.

**Mr. Wingrove:** Well, I was going to say at the practical programming level, it does pose the problem you mentioned Senator McElman. With the great deal of cable or American penetration into London—now 80 per cent of the homes are cable served and over half of the audience is watching U.S. on the average. It means that when we do hit a period where we are carrying, for example, a public interest program of the Corporation, our audience does drop substantially because it's only a flick of the knob to have a choice of eight American stations with three networks and I don't know how many movies and so on. This has come upon us rather suddenly, although it is more accelerated recently. We see this as a serious problem and particularly with the possibility of more restrictions on programming by CRTC regula-

tions. It is a serious problem but we are managing to deal with it at the present time.

**The Chairman:** Well, I hope we can perhaps ask you some questions about cable in a few minutes but perhaps we can deal with other matters first.

**Senator Beaubien:** Mr. Brown, you said there was no advertising revenue in radio?

**Mr. Brown:** From the network.

**Senator Beaubien:** Oh, from the network?

**Mr. Brown:** Yes. The CBC radio network is virtually a non-commercial network. I think we only have one commercial program we carry.

**The Chairman:** And what is that?

**Mr. Brown:** "The Galloping Gourmet."

**Mr. Knight:** I was just going to say that, aside from that particular show, the types of things that may normally have some commercial content would be the Grey Cup game or World Series baseball games or special features like that.

**The Chairman:** What about the hockey broadcast on Saturday night?

**Mr. Knight:** On Sunday nights.

**Mr. Brown:** They are not commercial.

**The Chairman:** Well, there are spot announcements on them. Are they not national spot announcements on the network?

**Mr. G. A. Bingle (Program Manager, CFPL-Radio):** Yes, there are commercials in the hockey games as well.

**The Chairman:** Mr. Fortier?

**Mr. Fortier:** I would be curious to know which CBC program drives listeners off the air in Hamilton?

**The Chairman:** Well, first of all the witnesses are from London!

**Mr. Fortier:** Yes, I am sorry, Mr. Chairman.

**The Chairman:** And it may be that they can't discuss Hamilton!

**Mr. Fortier:** This was a statement we heard a few minutes ago so I think it would be interesting to hear...

**The Chairman:** Well, I will accept the question but I must say that Senator McElman has been very generous with us.

**Senator McElman:** No, go right ahead.

**Mr. Brown:** I think generally, Mr. Fortier, that any program which is of a documentary nature is not going to appeal to as many people as the "Laugh-in" show or others of that type. This is a fact of life. The words "drive the audience away" may be a rather harsh, but let us say they are less interested and they seek other channels where they will find something they enjoy.

**Mr. Fortier:** You are referring mainly to the public affairs programs?

**Mr. Brown:** Yes and some of the...

**Mr. Bingle:** And some of the dramas.

**Mr. Brown:** Not all the dramas, because some of it is very good.

**Senator Smith:** And some of the music is not so generally popular?

**Mr. Brown:** Yes, that is right, Senator.

**Mr. Fortier:** And yet throughout your brief you stress the CFPL accent on public affairs programming albeit from a local point of view. How do you reconcile your view now that those are not popular and yet you present them to your viewers and to your listeners?

**Mr. Brown:** Well, we feel that we present public affairs programming in a more palatable fashion than the Corporation because it is more localized.

**Mr. Fortier:** I see.

**Mr. Brown:** We also think that we have a little showmanship and we recognize as well that we lose some audience with that type of program but we do have an obligation to produce that type of program and we are pretty proud of some of the stuff that we have turned out.

**The Chairman:** Senator McElman?

**Senator McElman:** Speaking of "driving" your audience, Mr. Brown, do you subscribe to the CAB's philosophy that the more advertising you put on, the higher audience rating you get?

**Mr. Brown:** No, I certainly don't. I was shocked at that statement.

**Senator McElman:** So were we!

**Mr. Brown:** I know he quoted figures but I think he is completely wrong. I don't think

that commercials enhance the value of the programme. I do think that programmes which are popular and which are good—if they have commercials, I don't think the commercials detract from the programme. This may be what the other spokesman was saying but I don't think that the inclusion of commercials add to it.

**Senator McElman:** Mr. Chairman, I would like to move to the cable area.

**The Chairman:** Well, I just have one area that I would like to ask about before we move to cable. I would like to know—perhaps I will put it to you Mr. Brown—are Mr. Laidlaw and Mr. Bremner, structurally in your organizational chart and so on, co-equal? One I understand is the TV News Director and the other is the Radio News Director?

**Mr. Brown:** Well, that has changed slightly in the last few months Mr. Chairman. Mr. Bremner was News Director of CFPL-Radio but he is Radio Editor...

**The Chairman:** I meant Mr. Whitehead, forgive me.

**Mr. Brown:** Yes.

**The Chairman:** Well, the reason I ask this question is the witness appearing next is from CHSJ in Saint John and hopefully we can put this question to them. I don't expect you to discuss their situation because we will put this question to them, but their television and radio news department is co-ordinated and yours very clearly isn't. You have separate TV news and Radio news groups I don't want to ask the question in such a way as to be critical of the Saint John situation but it did occur to me just this past week-end in re-reading both the briefs that here are comparable sized cities and they do in one way and you do it the other. What is your philosophy in divorcing the two operations?

**Mr. Brown:** Mr. Chairman, when television first came into being some sixteen years ago in Canada we had to make the decision as to whether we would go with an integrated or a segregated operation. After giving it a great deal of thought, we came to the conclusion that the two stations would be healthier if they were completely separate.

**The Chairman:** Has it always been separate from the beginning?

**Mr. Brown:** Yes.

**The Chairman:** Have you ever considered co-ordinating it?

**Mr. Brown:** Yes, but we still feel the same way. We think we have a healthier operation if they are strongly competitive and completely divorced from each other in their operation.

**The Chairman:** What if the radio news man comes up with a clear beat on something—doesn't he pass it on to the television people or do they find out when they hear the radio station?

**Mr. G. A. Whitehead, News Director, CFPL-Radio:** I think that is exactly the way it works.

**Mr. Wingrove:** We might get an exclusive story on television and because there is so much preparation to do in putting together a news story for television as opposed to radio we might hold it until our 6:30 show and then we might alert the radio people. Mr. Bremner's paid on a free lance basis to be our announcer on the major television newscasts so that when he comes to the station he is certainly going to know about that story in any case.

**The Chairman:** Are you genuinely competitive with the radio news people?

**Mr. Wingrove:** Yes, I would think so.

**The Chairman:** Mr. Bremner?

**Mr. T. H. Bremner, News Editor, CFPL-Radio:** I would like to say that we are certainly competitive on a feature basis and in the way of spot announcements, we do tip each other off when there is a story.

**The Chairman:** Senator McElman?

**Senator McElman:** What difference is there in your programming time of news? Your prime time news?

**Mr. Bremner:** Well, as to radio in basically what we call prime time hours, every half hour and on the hour.

**Mr. Whitehead:** Through the day it is on the hour only. In the late afternoon or early evening it is again on the half hour, whereas television has three major newscasts.

**Mr. Wingrove:** One at noon, one at 6:30 and one at 11:00.

**The Chairman:** Talking about editorial comments, your brief, at p. 18 states:

"Mr. Bremner is not required to check these commentaries with station management in advance of broadcasts nor does he ever receive a directive from management as to what he can or cannot say."

It says he never receives one. Is that true Mr. Bremner?

**Mr. Bremner:** Yes.

**The Chairman:** Then I read on the next page about your dissent. And then you say relating to the *Free Press*...

"In developing this new editorial approach for CFPL-Radio it was obvious to us that our stand on certain issues may be completely in conflict with the editorial opinion of the *London Free Press*. This fact is clearly understood by the newspaper and has the full approval of W. J. Blackburn, President and Publisher of the *London Free Press* and Chairman of the Board of CFPL broadcasting."

I wonder if you, Mr. Brown, or Mr. Bremner would give us some examples of editorial opinion expressed on radio which has been, to quote "completely in conflict" with the *London Free Press*?

**Mr. Bremner:** Completely in conflict—mainly on matters of local issues and conflict generally on issues such as the Vietnam War and some national things.

**The Chairman:** Well, let us take the Vietnam War as a case in point.

**Mr. Bremner:** I tended to be more dovish.

**The Chairman:** Well, what would be an example of a local issue?

**Mr. Bremner:** Well, we had some property called Broughdale which I thought should be sold to a Greek church and they took the opposite stand saying it should be parkland.

**The Chairman:** Senator McElman, if you would like to ask some questions leading in to cable perhaps now is the time.

**Senator McElman:** Mr. Brown, as I understand it London was the first city in Canada to have cable?

**Mr. Brown:** Yes.

**Senator McElman:** And now, approximately 80 per cent of the television homes are also cable homes?



**Mr. Brown:** Around 80 per cent.

**Senator McElman:** So that is fairly accurate?

**Mr. Brown:** Yes.

**Senator McElman:** You have gone into considerable detail in your brief as to the fragmentation of the audience as a result of this. Are you already suffering from the revenue standpoint or are the concerns you expressed here largely for the future?

**Mr. Brown:** Largely for the future, Senator McElman. I think we did indicate in our brief that fortunately up to this date we had not suffered financially.

**Senator McElman:** Your company—you have the saturation newspaper in the London area, the daily newspaper, you have the one television station originating in London and you have your radio station.

**The Chairman:** I just wish to interject before Mr. Blackburn gets up and marches to the front, that we should say "near saturation".

**Senator McElman:** Yes, I recall the half hour of semantics with Mr. Blackburn very well!

**The Chairman:** Please carry on.

**Senator McElman:** In such a situation do you feel that the fact of this ownership of the various media has been the factor in retaining your earnings situation. Does one assist the other? I am not speaking of any relation of rates or anything of that nature but does one assist the other in the marketing of commercials?

**Mr. Brown:** No, not a bit Senator McElman. We are completely autonomous in the free operation and we are highly competitive. When I say that the television station has not suffered, I mean it has been able to generate good revenues of its own. It hasn't required any subsidies from its sister company. I didn't know whether that was what you meant by your question or not.

**Senator McElman:** Well, let me put it another way, Mr. Brown. Your audience rating on television has obviously gone down because of the intrusion of cable. Your rates haven't have they?

**Mr. Brown:** No sir. I made the point in our brief that, whereas the audience has been

fragmented because of the growth of cable, we still are the singly most listened to or most watched television station in the marketplace. Since London is a good market and national advertisers want it in their campaigns, they will buy CFPL-TV.

**Senator McElman:** It is still the best in the market?

**Mr. Brown:** Well, to a degree. I don't think it is possibly as much as it was a few years ago—we promote it as such.

**Senator McElman:** I am sure you do. You have gone into considerable detail in your brief as well, in explaining the effect of the American stations coming in and you have shown concern in the falling off of revenue looking to the future. Is there any recommendation that you would make to and through this Committee whereby Canadian advertising dollars could be prevented from flowing to those American stations. I am thinking of the provision that was made as a result of the O'Leary Commission. Is there anything of a similar nature that you have in mind in practical terms?

**Mr. Brown:** Well I think it is premature, Senator McElman, because at the moment, with the exception of places like Winnipeg, which was mentioned yesterday, and the Beltingham situation and Toronto there aren't too many Canadian dollars going into U.S. television stations. I suppose a similar provision to that which applies to the magazine industry might eventually be the answer. We made some comment about this in our answers to the guideline questions.

What could happen and Mr. Wingrove could speak to this a little more fluently, is that if the American stations begin to take more and more audiences away along the border, the American advertiser which has Canadian outlets could say "Well, we don't need to buy these Canadian outlets because we are getting enough overflow audience through all these border U.S. stations", and they could just quietly say to their Canadian subsidiary "You will put a little money into the American pot toward our advertising and we won't spend the money in Canada." This could happen but I don't think it has happened as yet.

**Mr. Wingrove:** Well, there is really no way of knowing when this happens but I would doubt if it is a serious factor in our area at present but there really would be no way of

knowing. There has been no evidence of it except in one or two very, very minor cases.

**Mr. Brown:** Well, we know that the Buffalo stations get a fair amount of business from Toronto and you have heard about the Pembina-Winnipeg situation and the Bellingham-Vancouver situation. I think they are about the only three.

**Mr. Wingrove:** I believe Watertown into the Kingston area is another one.

**Senator McElman:** You suggest that that action might be premature, Mr. Brown, but could I remind you that with respect to *Time* and *Reader's Digest* now, there are those who are suggesting very firmly that it is too late, that action should have been taken earlier.

**Mr. Brown:** Well, as broadcasters who have been subject to a great many regulations, we hate to suggest that there be more introduced for other media or for other people. I think what we would really like is the freedom to compete. We would like less regulations so that we could compete more freely in the open market and I think this is all that broadcasters would really ask for. We don't ask that other people be regulated.

**Senator McElman:** Well, you are probably as well aware as we are of the ways in which national advertisers could get around a provision that is similar to that which is applied to magazines. This is why I am asking if there is something of an equally practical nature that you can suggest to us at this stage, to make you more competitive let's say. What regulations make you less competitive in a situation of this nature?

**Mr. Brown:** Well, we need freedom to program in competition with these American stations so that we can hold audiences and we won't have to worry about losing revenue. I wouldn't at this point in time favour any sort of tariff restrictions in this regard.

**The Chairman:** Perhaps I might ask you a question at this point on cable. You say in our brief at section 140 that "it seems inevitable that development into more extensive programming will follow"—that is originating programming by cable stations will follow.

**Mr. Brown:** Yes.

**The Chairman:** You say in section 164 of our brief, however, that:

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"There has been little, if any, fragmentation of audience as yet from the distribution by cable of programs originated by the Cable companies themselves."

Presumably you don't think the cable companies' originations as yet, are of sufficient quality. Do you think that is going to happen?

**Mr. Brown:** Well, I can't give you the timing, Mr. Chairman. They have only just started in the last eight months.

**The Chairman:** Well, let me put another question to you, and if I could detach you, at least for a moment, from your CFPL Broadcasting hat, I ask you to consider this question from the Committee's point of view. We have had a great many witnesses come before the Committee from various walks of life, organizations, groups, communicators and so on and there seems to be a view that at last with cable we will be able to provide, or there will be provided, to citizens in various communities a multiplicity of choice—that, for example, underprivileged or minority groups will have access. They will also have an opportunity to receive the kind of minority programming which interests them. The question I would put to you is this. Isn't this multiplicity of choice and the availability of minority programming desirable? And if you think it is desirable, how would you, if you were charged with the responsibility of directing or regulating the future of cable broadcasting in Canada—what should be done—(a) to facilitate this minority programming, if indeed you think that is a good thing; and (b) to protect the position of the conventional broadcaster?

**Mr. Brown:** Well, to answer question (a), I think we agree that it could be a good thing to provide these additional program services on cable. We have no quarrel with that. I think our prime concern is the importation of American signals which makes it difficult for a Canadian television station not only to continue to be viable but how does it contribute to the Canadian identity, which is part of its obligation under the Broadcasting Act?

**The Chairman:** You would have no objection if, for example, there was a cable in London originating from the University of Western Ontario?

**Mr. Brown:** Not a bit.

**The Chairman:** And if one was from City Hall—you wouldn't have any objection to this type of thing?



**Mr. Brown:** No. We have not objected to local origination. The only point we make is that they can grow from what they are now which is really programming designed for a multiplicity of small groups to more popular programming and then ultimately to commercial programming.

**The Chairman:** Your concern is primarily economics, and, I said yesterday, when you were here, and I have said many times before this Committee, I don't find that distasteful at all. I quite understand that, but you are also concerned, and I know you are, with the social problems, the social scene and cable, surely, is a great social potential. How can we most effectively realize that social potential, if you will?

**Mr. Wingrove:** I would agree that if cable continues to expand its minority local services—programming such as the Home and School meetings and so on—that this is an additional service like a weekly newspaper renders in a small town.

**The Chairman:** Yes.

**Mr. Wingrove:** And I believe it is good. It seems to me that with the high prices that are being paid for cable—I mean, it is the new Porcupine gold strike—everyone is rushing in and paying the prices—and already word comes from cable groups that to do this and that, they will need to sell advertising. I have heard it expressed that it would probably be a good thing that they sold advertising because, again like a weekly newspaper, they would sell the corner grocer and so on.

Now, we have the situation where cable people are really going into it to import American programs, and there is really no doubt about that and that the other services are an obligation. They will only provide those local services within their revenue means. If they feel that they are being crowded in to provide more than the old services in our city, some of those who are paying these big prices may not be able to afford to. Those are the ones that may feed back to whoever the appropriate authorities are at the time and say that if you want us to do all this we will need the advertising revenue. When that starts, that may not just affect television. In fact, it might be the least affected. It could affect the radio, the weekly newspaper and the daily newspapers because of the local advertising. So that as far as our own television station is concerned, I don't foresee any

development in the cable service in that area and I don't see how it is going to bother us.

It might also occur to people that it would be wonderful to have first-run feature movies every day, because, after all, the Broadcast Act was passed by Parliament but the people of Canada by plebiscite didn't say that they would prefer all this kind of programming over American. We know, despite what the Broadcast Act says, that the people in their own voting, which is the turning of the knob prefer the popular programming. If you get to a situation where the people are crying and they have a right to see these and the technology is there, then you could have a serious undermining of orthodox broadcasting. We take seriously, I think, our responsibility which is not only to keep bring in the revenue but to serve the purpose that is required by the Broadcasting Act, a purpose which is being eroded by audience fall off. That is our prime concern.

**The Chairman:** Well, are you suggesting that it is to the detriment of the people of Canada. Let's say that there is a first-run movie in Ottawa. Would it not be in the public interest that the people could sit in their living rooms and watch this movie?

**Mr. Wingrove:** Well, it would be in the public interest if the simple view of giving the public what it wants, is the objective and I don't agree with that. We do try to give them what they want to a certain extent. However, suppose at the same time that Patrick Watson or whoever on CJOH was presenting a program as a result of months' research into the drug problem in Ottawa and this was of tremendous social importance...

**The Chairman:** Yes.

**Mr. Wingrove:** And people are sitting watching a Hollywood razzle-dazzle type movie...

**The Chairman:** Well, in answer to that, Mr. Wingrove, is it not true that if CFPL is running an invaluable documentary on whatever and one of your competing stations, let's say Kitchener, is running "Laugh-in" I guess they don't run that because you have it—or so other program, they will outdraw you.

The point I am making, perhaps not well that I think cable has great potential for people. I understand the concern of broadcasters.



Therefore, the other question I would put to you is that you fellows have come to us, as have other broadcasters, and said, "These are the problems". We understand the problems. You honed in and said, more directly, that it is the access through cable to all of these American signals which now saturate London, which is the problem. What would you do about that very problem?

**Mr. Brown:** Well, you can't hold back technology, Mr. Chairman. I think the use of advanced technology, where possible, has to be controlled or designed in the public interest. This is the only point that we make. There must be well thought-out policies to govern the growth of cable, so that it can be used in the public interest. We don't specifically have any suggestions—I know this is what you are looking for...

**The Chairman:** Yes it is.

**Mr. Brown:** And I am sure the Canadian Radio and Television Commission is looking for an answer and I don't think there are any pat answers. There is the other complication that cable systems have, as their planned source of revenue, subscription fees. Broadcasters don't have that. Their only source of revenue is through the sale of advertising.

If cable systems also got into advertising they would have two sources of revenue and not necessarily the same obligation under the Broadcasting Act to provide a comprehensive programming service. Also, the very nature of cable operation is such that it is much cheaper to operate a cable system than it is to operate a broadcasting station. Our television broadcasting station has roughly 100 employees and another 30 free-lance television people, whereas a cable system might have 25 employees. This could make it very difficult for a conventional television station or traditional television station to continue to serve the audience. And don't forget the audience in the smaller rural areas that will not have cable. Who is going to provide a service to these people if the cable companies just appeal to the lucrative metropolitan markets?

**The Chairman:** I am not disagreeing with you at all but we are just trying to come up with, as you have indicated, some answers.

**Mr. Brown:** Mr. Chairman, I haven't got the answer today...

**The Chairman:** Will you write us if you come up with it?

**Mr. Brown:** I will work on it.

**The Chairman:** And Mr. Fortier?

**Mr. Fortier:** Mr. Brown, Mr. Wingrove said a few moments ago that your viewers have access to these American programs and indeed these seven or eight channels that are available in London—through these they do. To what extent do you as a broadcaster, who happens to be a Canadian citizen, feel that a quasi-judicial agency such as the CRTC should impose Canadian content programs on Canadian viewers in the London market specifically?

**Mr. Brown:** Mr. Fortier, I think the CRTC as the regulatory authority is trying to or taking this approach under their interpretation of what they should be doing according to the Broadcasting Act.

**Mr. Fortier:** Do you think their approach is correct?

**Mr. Brown:** No one can quarrel with the objective that we want a greater Canadian identity.

**Mr. Fortier:** The objective as spelled out by Parliament?

**Mr. Brown:** No.

**Mr. Fortier:** Or the objectives as interpreted by the CRTC?

**Mr. Brown:** Both. I am not sure whether the approach, which is in a sense a restrictive approach, saying that you must have a minimum of so much Canadian programming, is going to achieve this. Mr. Juneau, shortly after he was appointed to the Commission, in an interview said something to this effect that rules will not produce quality; rules will not provide excellence. I don't know how we would achieve this. I sometimes think we have achieved it without knowing it. I think that our television station has a very distinct flavour.

**Mr. Fortier:** Is that because of the minimum content which exists now and which was imposed by the BBC back in 1959, or is it because of your own programming and policy philosophy?

**Mr. Brown:** I think it is a combination of our own programming philosophy and our affiliation with the CBC. Before the 55 per cent regulations came into effect, which was around 1960 or '61—I looked at a brief we filed the other day about that our program-

ming was quite Canadian. There was no Canadian content at that time and I think it was almost 55 per cent at that time. We had a very distinctive Canadian flavour to our station without any regulations. I am sure that many other television stations did also.

**Mr. Fortier:** Do you think the Commission, the CRTC, is naive if they entertain the belief that by imposing this minimum Canadian content, they are going to force Canadians to look at those programs or do you think that this is a distinct possibility. In other words, not in spite of themselves, but because of this channelling of programming, that Canadians sooner or later will come to realize that we have something to preserve in Canada, we have something to encourage and that maybe we should look at these programs rather than "Bonanza" or "Laugh-In" or what have you. Is this a naive policy?

**Mr. Brown:** No, I don't believe it is naive Mr. Fortier, and I believe Mr. Juneau made the statement—it may have been said before this Committee—that he didn't agree with the statement that has he made that the quantity will not produce quality. I believe he feels and quite justly so that at least if you have some quantity there is a good chance that quality can come from it.

**Mr. Fortier:** Yes.

**Mr. Brown:** And I don't quarrel with this premise.

**Mr. Fortier:** Well, do you as a private broadcaster quarrel with the method which is now suggested by the CRTC?

**Mr. Brown:** Well, let me say this Mr. Fortier. It will not provide us with any severe hardship but I think we would have Canadian identity without it.

**Mr. Fortier:** Will you lose viewers in the immediate future?

**Mr. Brown:** We will lose some.

**Mr. Fortier:** Do you think you will get them back eventually?

**Mr. Brown:** Well, I come back to what I said a while ago. If we can have the flexibility to program competitively, I think we can do it. We have enough ingenious people in our organization but there is an inconsistency. As I mentioned in our brief, we want to fill our obligations under the Broadcasting Act as does the CBC network, and I think the CTV

network, yet at the same time the Government of Canada through various authorities has licensed cable systems to bring in American programs to compete against Canadian stations. To me, that is a great inconsistency.

**The Chairman:** I believe Senator Kinnear has a supplementary question.

**Senator Kinnear:** Thank you very much Mr. Chairman. I wondered what opportunities you provide for Canadian talent—local talent?

**Mr. Brown:** What opportunities we provide?

**Senator Kinnear:** Yes.

**Mr. Brown:** Would you like a list?

**Senator Kinnear:** No. I don't want a list but I want to know the...

**Mr. Brown:** The sort of things that we do?

**Senator Kinnear:** Yes.

**Mr. Brown:** I wonder if Mr. Plant would speak to that. Mr. Plant is Production Manager for the company.

**Mr. J. A. Plant, Production Manager, CFPL-TV:** The concept of supporting Canadian talent varies with our program schedule. Our thrust, perhaps in the last two or three years, has perhaps been more towards public affairs. In the development of talent and at the present time, we are devoting a great deal of time and energy to a country and western program—which of course is a form of talent—and very popular in our area. That is our major project this season.

On the other hand, we are doing two other groups of public affairs programs with the Ecumenical Council and we just completed one with the University of Western Ontario Students' Council. Whether or not you would say that was talent development is a matter to be argued or discussed, but our thrust...

**Senator Kinnear:** Does it give you Canadian talent for your programs?

**Mr. Plant:** Oh yes, of course. We also feel a need in the community for these people to be heard. We also produce, three times a week, an afternoon program which varies in duration from 15 minutes to 30 minutes—weekly farm program largely on film, and, our most expensive public affairs proposition, the program The World Around Us which is seen weekly in prime time.



In addition we produced this year again, ten medical programs in conjunction with the University of Western Ontario and that is all included in our brief.

**The Chairman:** I was just going to say to Senator Kinnear that it is all in the brief.

**Mr. Plant:** Whether or not you would consider this talent is another matter.

**Senator Kinnear:** Well, I am interested in seeing Canadian talent develop and I thought it was going to be an opportunity to do it considering you are asking for more Canadian content.

**Mr. Brown:** We are aware of this and thinking along those lines, Senator.

**The Chairman:** Do you have another question, Mr. Fortier?

**Mr. Fortier:** Yes I have, Mr. Chairman.

**The Chairman:** Well, we have another witness, so as long as you are mindful of that—carry on.

**Mr. Fortier:** Mr. Brown, you said you can't hold back technology. I believe that you were addressing your mind to cable at the time?

**Mr. Brown:** Yes.

**Mr. Fortier:** And in fact you joined some years ago the cable fad in wiring up Chatham?

**Mr. Brown:** That is correct, sir.

**Mr. Fortier:** And yet last fall you applied to the CRTC for their blessing of the sale of your interest to Jarmain Cable Systems Ltd. Why are you getting out of cable? Why are you not expanding in this new technological field?

**Mr. Brown:** Mr. Fortier, I think the answer is, and Mr. Blackburn replied to this in a similar way during his appearance, that after the CRTC decision concerning one of the cable systems in Toronto in which one of the conditions was that Mr. Bassett would have to divest himself of his interest in it because of his ownership or involvement in both a newspaper and a television station, it became clear to us that our participation would probably not be considered too popular by the authorities...

**Mr. Fortier:** Well, I would suggest to you that yours was not on all fours with the Toronto situation. You were not wiring up

London—you were wiring up adjacent communities.

**Mr. Brown:** Except, Mr. Fortier, that the Jarmain people, in order to clean up the situation of their involvement with Famous Players—Famous Players had to sell out some of their interest. When the Famous Players proposed public company fell through, Jarmain Cable then decided to proceed with its own public company and it has subsequently been approved by the Commission. In so doing, if we had been considered as shareholders in this new company, we then in effect would have owned a part of London TV Cable which is the cable system in London.

**Mr. Fortier:** All right. On the same note—you can't hold back technology—the CRTC, in its December the 3rd announcement on the microwave policy, seems to have suggested that technology could be held back and that in certain sections of Canada, there would be citizens who would not have access to the same type of programs which are available to you and I. You know 80 per cent of the Canadian population live that close to the border. What do you think of that decision on restriction of microwave systems?

**Mr. Brown:** Well, I can't help but feel, Mr. Fortier, and this is a personal view, that it is just a holding action. I think public pressure will be such that ultimately some device, be it microwave or something else, will be allowed to make cable systems possible in those cities in Northern Ontario and Western Canada.

**Mr. Fortier:** Once again do you feel that the goals of the CRTC are legitimate and laudable ones?

**Mr. Brown:** Yes I do. In fairness to the Commission they took over the jurisdiction of cable after the door had locked behind them. If these cable systems had been allowed to flourish and develop anybody could have got a cable system ten years ago and it would only have cost \$25 a year for a licence...

**Mr. Fortier:** Yes.

**Mr. Brown:** So these things developed completely unregulated and the Commission took them over when it was formed and they had to deal with insurmountable problems which were inherent in taking over the system. It is easy to criticize the Commission and say that it is an unfair ruling in Western Canada and Northern Ontario when people along this gold coast from Montreal to Windsor have access



to American stations. However, because something was possibly wrong at the beginning, I think that they didn't want to perpetuate it, so I am sympathetic to their decision. I don't think there was any other decision they could make under the terms of the Broadcasting Act.

**The Chairman:** I wonder—Mr. Fortier—do you have other questions?

**Mr. Fortier:** I will be very brief, Mr. Chairman. I just have two areas...

**The Chairman:** Two questions, not areas!

**Mr. Fortier:** Your viewers in London have access to all these channels and U.S. programs are imported by cable and there is this exposure to CBC English language programming but what exposure is there for those viewers in London who wish to have access to a French radio station or to a French television program and what policy, if any, do you have at CFPL in this respect?

**Mr. Brown:** Well we carry five 15-minute French programs Monday through Friday which are designed for pre-school children. We carry two half-hours between 11:00 and 12:00 on Sunday and those programs are originated by the CBC. It is not mandatory that we carry them but we do carry them because we feel for those who are interested in French, they should be made available. As well on CFPL-FM, we produce a one-hour French program on Saturday nights from 6:00 to 7:00. I feel that we are making a reasonable contribution to biculturalism and bilingualism in our country, in an area where there are relatively very few French speaking people.

**Senator Smith:** How many, Mr. Brown?

**Mr. Brown:** Pardon?

**Senator Smith:** How many would there be, do you think?

**Mr. Brown:** 150 families.

**Mr. Fortier:** I think I am equally concerned about the English speaking families who wish to learn French or listen to French programs.

**The Chairman:** Was that your second question?

**Mr. Fortier:** No.

**Mr. Brown:** I think there is an opportunity here for closed circuit television or for cable TV to provide some French programming.

**Mr. Fortier:** Has this been attempted at all in London?

**Mr. Brown:** Not to my knowledge. The cable company—London TV Cable, who is doing most of the production in London, has taken the stand largely that they are prepared to provide the programming time but they will not produce the program. They would like to have somebody else produce them and then they would put them on.

**Mr. Fortier:** My last question, Mr. Chairman, I will direct to Mr. Knight. CFPL-Radio has citizen panels, does it not, with whom it consults regularly to keep the station in tune with the community?

**Mr. Knight:** No it doesn't.

**Mr. Fortier:** It does not?

**Mr. Knight:** No.

**Mr. Fortier:** Well, we have been informed that it did. Consequently Mr. Chairman I have no further questions!

**The Chairman:** Well, we could ask these witnesses back this evening!

I do have a couple of questions and they are very short. I was interested in the TV Bureau survey which was taken February '68 and the results of which are Appendix "J" in your brief. I have three questions on it but they are all very short. One of the questions put to people was:

"Do you agree or disagree that having commercials on Canadian television is a fair price to pay for being able to watch it?"

Fifty-five per cent agreed with that statement. What do you think that percentage would have been had the question been worded differently and the question had been, "Would you prefer to see all the current television programming without any commercials?"

**Mr. Wingrove:** Well, all I can say is that we didn't do this survey at all. It simply came to us and we are a member of the Association that commissioned it and we put it in her simply for you to view as you like, except that organization is quite responsible.

**The Chairman:** Yes, I agree.

My second question is this. It is apparent from the findings that the people who ear

under \$6,999 clearly use television as their first source of news and presumably people who earn \$7,000 a year and over preferred newspapers as their first source of news. Does this give you, Mr. Wingrove, the particular challenge in the area of adapting news—do you have a particular responsibility to people who earn under \$7,000 who use television as their first source of news?

**Mr. Wingrove:** Well, we have never targeted our audience to that fine an extent. I think it has been generally known that possibly the lower socio-economic group spend far more time watching television and it cannot be conversely said, therefore, that the well-to-do people do not watch television.

**The Chairman:** We had a witness last evening and he made the point which some of us certainly hadn't thought about—certainly I hadn't—that television probably is the first really mass medium in history in terms of reaching people who earn under three or four thousand dollars a year. They probably wouldn't buy newspapers or magazines and they perhaps may have been reached by radio, but certainly they are reached by television.

**Mr. Wingrove:** Well, television certainly has the power and the ability to penetrate very deeply. That is people spend four to five hours a day watching television. To people in his room this would probably be an unthinkable way of spending this time but surveys consistently show this, so it is a mass medium.

**The Chairman:** Well, my final question is to you Mr. Brown. Is Mr. Blackburn concerned by this particular chart on page 4 of the ORC study which shows that television in all regions of the country, in all occupations, in all income groups, is considered more believable than the newspapers?

**Mr. Brown:** I haven't asked him but I am sure the newspapers have similar surveys which would show that newspapers...

**The Chairman:** Senator McElman?

**Senator McElman:** At page 70 of your brief, Mr. Brown, in paragraph 266 you say:

"In our view 'freedom of the press' in the broadcasting industry is not adequately protected."

In what additional ways do you feel it could be protected?

**Mr. Brown:** I would like Mr. Laidlaw to speak to that.

**Mr. W. R. Laidlaw, News Director, CFPL-TV:** Well, I think it is simply a matter, sir, of too many closed doors to our cameras.

**Senator McElman:** Oh, I see.

**Mr. Laidlaw:** This room for instance.

**The Chairman:** As Chairman I can only say "Amen". I agree with you.

**Mr. Brown:** That was a television answer Senator McElman to the guidelines and that is why I asked Mr. Laidlaw as our News Director to answer that.

**Senator McElman:** Fine.

**The Chairman:** Do you have another question, Mr. Fortier?

**Mr. Fortier:** Yes Mr. Chairman.

**The Chairman:** This is the last question Mr. Fortier, no matter what.

**Mr. Fortier:** You were here yesterday Mr. Brown and you heard Mr. Mackay say, as President of Selkirk, that Southam had recently agreed to sell to Selkirk all of its interests in broadcasting companies, with the exception of their interest in CFPL. Do you happen to know why Southam have not included CFPL in this arrangement with Selkirk?

**Mr. Brown:** To my knowledge it has never been suggested by Mr. Balfour, the President of the Southam Company.

**Mr. Fortier:** Would you have any objection to the 25 per cent Southam interest being acquired by Selkirk—in other words going to bed with Selkirk?

**Mr. Brown:** I rather think that Mr. Blackburn, being the principal of the company, would have to answer that question. I am an operating man—not an owner.

**The Chairman:** Well, unhappily we didn't put that question to Mr. Blackburn when he was here and he is not here today as a witness and I am not going to ask him. Would you like to ask him, Mr. Fortier?

**Mr. Fortier:** Certainly I would!

**The Chairman:** Well, I think we have dealt with this. Perhaps Mr. Blackburn wishes to comment to us and if he does he can do it in private and if we wish it answered we can have it answered in private.

Certainly few witnesses have been as co-operative with the Committee as has been your organization—speaking particularly today of the broadcast and television groups. I am sorry that time is short because it is certainly obvious that there are other questions we would like to ask you. Simply put, but most sincerely, thank you.

**Mr. Brown:** It has been a pleasure, Mr. Chairman.

**The Chairman:** We will adjourn now until 11.40 and at that time we will receive the brief from New Brunswick Broadcasting Company Limited and CHSJ-Television.

Thank you.

Whereupon the Committee recessed until 11:40 a.m.

**Wednesday, March 25, 1970.**

Upon resuming at 11.40 a.m.

**The Chairman:** Honourable senators, if I may call the session back to order. The second witness this morning is the New Brunswick Broadcasting Co. Limited.

The chief spokesman in connection with this second brief this morning is sitting on my immediate right, Mr. George A. Cromwell, who is the General Manager of the New Brunswick Broadcasting Co. Limited. Perhaps I could introduce the people who are also with Mr. Cromwell this morning. On his right is Mr. W. A. Stewart, who is the Manager of CHSJ television, and then following along from Mr. Stewart is Mr. D. M. Burrows, who is the Manager of CHSJ Radio, and on the extreme right is Mr. W. K. Donovan, Managing Editor, News. Sitting on my immediate left is someone most Senators will remember, the President of the CDNPA, Mr. Ralph Costello. Mr. Costello is here, of course, this morning in his capacity as President of New Brunswick Broadcasting Co. Limited.

Mr. Cromwell, you may not be quite familiar with our procedure, but we provide for an opening oral statement of 10, 12 or 15 minutes and then following that we would like to ask you some questions on your oral statements, on your brief, and on other matters which may concern the Committee. It is my understanding that you do have a statement but it will be prefaced by a statement by Mr. Costello, is that correct?

**Mr. Ralph Costello, President, New Brunswick Broadcasting Co. Limited:** Yes Mr. Chairman.

**The Chairman:** Well, would you please then just carry on, Mr. Costello.

**Mr. Costello:** Well, Mr. Chairman and honourable Senators. I think this will be the opening statement, so we can get right to the questioning. When I was last with you in this room, you were kind enough to grant me a few extra moments to make my opening remarks, and I think today I am in a position to return that time to you as my opening statement will be relatively short.

I am here, as you have suggested Mr. Chairman, as President of the New Brunswick Broadcasting Co. Limited, accompanied by the General Manager, the Manager of the television station, the Manager of the radio station and the Managing Editor of the News Department. I do want to say that I hope the French translation of our original brief arrived prior to today's hearing as we did have some difficulty in regards to time and a little difficulty in regards to the mail.

We also have provided supplementary material as a result of the second set of guidelines which were developed for radio and television a short time ago.

Mr. Cromwell, as you have indicated, is the General Manager of the Broadcasting Company and will answer questions dealing with both radio and television, or direct the questions to his associates.

All members of the group, myself included, will, of course, attempt to answer any questions which you may care to direct to us individually.

**The Chairman:** Thank you very much. I think we might as well turn right to the questioning this morning, and I believe Senator Smith is going to lead off.

**Senator Smith:** Yes Mr. Chairman. I have some notes on a few questions about programming and I would like my first question to be in that area as it follows along the events we have just listened to this morning on the management of the London situation.

**The Chairman:** I believe these gentlemen were all here for that.

**Senator Smith:** I believe they were, yes.



This question has to do with the evidence given that the London station found it possible and a very well received idea to program on radio for French-speaking families who may be in that London area of coverage. When the meeting was over I asked the witness who supplied the information about the 150 families. He said that their programming was really quite important not only to the French-speaking, but to English-speaking families. They are advised by one who is of French-speaking origin and who is anxious to promote bilingualism. They have news broadcasts and summaries of news, and so on, in both languages on a program. Now my question is this. Situated as you are and with considerable coverage of the Acadian people, do you do anything like that on radio or television?

**Mr. George A. Cromwell, General Manager, New Brunswick Broadcasting Co. Limited:** No, we don't do any mix at all between the two languages either on radio or television. When we first went into television which would be back in 1954 or 1955, there was some French programming done, but mostly of a religious nature. Since that time there has been no French programming as such.

**Senator Smith:** Which one of the Saint John stations is it that I used to listen to some years ago which every Sunday morning had a church service in the French language. It was not a Roman Catholic service—it was some kind of Protestant service. Was that your radio station?

**Mr. Cromwell:** Not to my knowledge, no.

**Senator Smith:** Your competitor then?

**Mr. Cromwell:** Very likely.

**Senator Smith:** Well, I will just leave it at that.

**The Chairman:** Would you like to comment on that, Mr. Costello?

**Mr. Costello:** Yes, Mr. Chairman. I think it should be noted that there is considerable French language radio and television in New Brunswick. I am not sure that a comparable situation exists in London.

**Senator Smith:** I thought that.

**Mr. Costello:** The need might not be as great or it might be greater. There is French radio and television in New Brunswick.

**Senator Smith:** Yes, that is quite true and I accept that. I was thinking more in terms of the education of the young English-speaking children who were growing up. One of the radio programs in the morning hours is directed to pre-school children. Their mothers are interested in it as well. I thought you might try something like this at some time as an experiment.

**Mr. Cromwell:** No, we haven't.

**Senator Smith:** I don't want to spend too much time on it.

**Mr. Cromwell:** If I might I would just like to make another remark. When we were an affiliate of the CBC network, at that time I think there was some French programming done as well in the direction to which you refer and it is still there, of course, with the CBC stations.

**Senator Smith:** At the outset, Mr. Chairman, I don't want to leave the impression with anyone that I was trying to compare, because you can't compare a giant sized grapefruit and one of these little tiny ones on the inside of a branch. Now, I also have another reference with regard to programming from information which I have been reading with regard to the London operation. This has to do with television programming and it is my understanding that London finds it possible with their resources to produce something over 50 hours per week of local content programs. I have a figure here and you can correct me if I am wrong that CHSJ television produces around 14 hours a week. Is that correct?

**Mr. Cromwell:** I would think that would be a correct figure, yes.

**Senator Smith:** Is this because of the lack of talent that you have access to, or is it the lack of other resources, such as finance?

**Mr. Cromwell:** I believe our program manager, Mr. Stewart, can answer that.

**The Chairman:** Mr. Stewart?

**Mr. W. A. Stewart, Manager, CHSJ-TV, New Brunswick Broadcasting Co. Limited:** I think I can clarify, and I don't want to speak for the London station but I don't think they said they produced 50 hours of local programming a week. I think that might be their total Canadian programming—not what they produce per week.

**The Chairman:** What is in their brief?

**Mr. Fortier:** That they produce 50 hours a week.

**The Chairman:** Of local programming?

**Mr. Fortier:** Of local programming.

**Senator Smith:** That's what I thought I read. I didn't have the reference in front of me.

**The Chairman:** I think that is in their brief as I recall.

**Senator Smith:** Well, let us not bear too heavily on the London situation.

**The Chairman:** Would you like to just get that reference, Mr. Spears, so we may have it on the record.

**Mr. Stewart:** We produce I think an amount of local production that is comparable to most stations our size. We have a little greater difficulty in producing local programs in the area in which we live because we don't have the talent pool upon which to draw. I think it is quite a fair statement to say that our record in local production is quite a good one on a comparable basis. As a matter of fact I think it is a damn good one on a comparable basis with stations our size in Canada.

**Senator Smith:** Well, Mr. Chairman, I would like to ask a few more questions and perhaps it might be appropriate that Mr. Stewart...

**The Chairman:** Just before you go ahead he might have reference made to this local broadcasting. Where is that, Mr. Fortier?

**Mr. Fortier:** A combination of pages 31 and 33. Page 31, CFPL television prime time 6 p.m. to 11.40 p.m.—total hours, 18 hours and 20 minutes, and on page 33, CFPL television daytime 33 hours and 25 minutes, but I understand this is divided as follows: Canadian source 25 hours and 26 hours from other sources. It would appear to be 25 hours of CFPL produced programming in any given week.

**The Chairman:** Well, I think the witness has given us his answer on it.

**Senator Smith:** I was interested, of course, in reading some of the material that was in the various appendices that were submitted to us and at first glance it looked rather impres-

sive, the list of local programs and the kind of people that you give an opportunity to get on radio and television. I made the conclusion, after going over it the second time, that when you speak of thousands of people who have had a chance to develop their talent, you are speaking mostly in terms of children aren't you, with regard to music festivals, and things of this sort?

**Mr. Stewart:** I think that primarily we concentrated on children—that is quite true, Senator. There is a very good reason for this. As I said earlier, we don't have the talent pool. A person who is going to make it in show business, if I can use that expression, is not going to stay around Saint John long enough for us to really work with them. Most of the people that have made a career in this field have appeared on our television station.

The type of thing that we do and that we are proud of—you referred to children and music festivals. We do work very closely with the New Brunswick Competitive Festival of Music, but we are not presenting a talent show, for example, in the case of "Time for Juniors" which is one of our vehicles which is in prime time and that deals with this type of programming. We are presenting a show which encourages all children to participate. We do work with thousands of them but this is what the show is doing. I think it is quite unique in Canada that this type of show can be presented in prime time and has been for 15 years and has worked with approximately 30,000 children.

What we do with the show is this. They come to audition, sometimes 300 or 400 a week, and every child who comes to audition is given individual attention because the accompanist on the show is a qualified music teacher. The person who does the show has a great deal of training in music and we work individually with the children and the message that we are trying to put across is participate. Viewers don't realize this, but we quite often put on children who on the basis of their ability alone shouldn't be on the program, but they have worked and tried to do the songs and with our help they eventually get to the point where they are going to do that song as well as they ever will with their natural ability. You have to put that child on to prove to him that by trying he can achieve. I am sorry to digress on this but I feel very, very definitely that this is the type of thing that a television station can do. I am not terribly impressed with the statements



that I hear from other stations and that we have probably made at times, that these now stars of show business—we helped them along in their early careers by putting them on television, et cetera. When they get to that stage we really have nothing to do with their development other than providing an outlet for them.

**Senator Smith:** Aren't you proud...

**Mr. Stewart:** But at the child stage we are doing something for their development.

**Senator Smith:** Aren't you proud of the fact that Don Messer got his start on your station?

**Mr. Stewart:** Well, I am not personally proud because I wasn't there then, but I imagine there are people at the station who are quite rightfully proud that Don Messer got his start there. Right now, we are working with Ned Landry who has a show on the station. I think our most important contribution is in the area working with younger people, particularly because of the area in which we are, where we don't have an adult talent pool to draw on.

**Senator Smith:** Mr. Stewart, what are the different circumstances around Saint John? It would seem that Halifax has been able to hold on to its talent. I observe many more local people getting on prime time programs over the Halifax station, one or the other, then getting a national network program, and so on. I don't want to start to name them, but there are quite a number that float across my mind. Don't you have that kind of a pool available to you in the Saint John area? These people haven't all gone up to Toronto. Max Ferguson came down for a while and visited and then went back to London.

**Mr. Stewart:** I think the fact that there is a CBC owned and operated station there is a factor in that regard.

**Senator Smith:** That is fine. I hope you don't mind if I do interrupt you when we receive a short answer because we are a little short of time and I apologize for that.

**Mr. Stewart:** Fine, Senator.

**Senator Smith:** I was also thinking about something else about the CBC which they are able to do and that is to search out for talent. I am thinking of all these talent-searching things from time to time. They advertise in even some of the local newspapers and weekly newspapers that on such and such a

day a man will be in that district and he will listen and tape various people who think they have talent. Do you people do anything of that nature to ascertain what talent you have?

**Mr. Stewart:** Yes, we have done it in the past, but we were limited in our studio facilities for most of our years in the television business. We are now in very excellent facilities and we do hold auditions. In addition, to this, we have three full time producers on the staff who as part of their job feel an obligation to attend various entertainment things that are going on searching for talent.

Recently we attended a presentation in Saint John and saw a young singing group that was just starting and they became the basis for a half-hour television show. We intend to continue working with this group, and if they develop all well and good. But, if they do develop to the point where they are making a show business career they will not be in Saint John very long.

**Senator Smith:** I suppose with the new proposals with regard to Canadian content this sort of search and development would be a much more useful exercise for you, perhaps more so than it has been in the past?

**Mr. Stewart:** Yes. If we get better programming, Senator, it will be useful. I may say that we have had no great problem in adhering to 55 per cent Canadian content. I think at this time our station schedules closer to 60 per cent Canadian content. This becomes more difficult as the market becomes...

**Senator Smith:** You are speaking, of course, of television?

**Mr. Stewart:** Yes, I am not connected with radio.

**Senator Smith:** Yes, there is some other local talent that I see quite frequently up here and it is in the person of Senator Fournier. I saw his program one time and I thought he did a very fine job for you.

**Mr. Stewart:** We did as well sir.

**Senator Smith:** It is the kind of thing that...

**Mr. Stewart:** We are hoping to have him back. He is not on now at his request because he is quite busy. We had a high regard for the Senator and for the programs he did.

**Senator Smith:** He gave us an hour or so dissertation in the Senate not so many days



ago on highway safety and so on which of course is a useful thing and it is good that you have found someone like that. There is another talent in that area of education and entertainment combined perhaps, in the person of a chap whose writings I have followed quite closely and I admire him very much—I find him amusing, perhaps a little more than that, and that is Alden Nowlan—you know who I am talking about, of course. He is associated with the Department of English at UNB and is a poet of some note in some people's estimation. Do you ever use a person like that?

**Mr. Stewart:** We haven't made specific use of Mr. Nowlan, but when you say a person like that—yes, we have used a member of the Faculty of Arts of the University of New Brunswick to present a series in prime time on basically how to draw, and we have used people who were connected with the university on several occasions. I am in the midst of correspondence right now with someone who is connected with UNB who is interested in doing a series of courses on management who wants to discuss with us putting six of these on television and we are very interested.

**Senator Smith:** I have a note here to ask someone a question with regard to the effect of whatever changes might be finalized with regard to the commercial rules.

**The Chairman:** I believe you could put this question to Mr. Cromwell, Senator.

**Senator Smith:** I think it was referred to in the brief, Mr. Chairman, in which they indicated that it might interfere, for example, with public service announcements if it came out the way it appears to be coming out.

**Mr. Cromwell:** Well, I would suspect that they are referring, those who do, to the limitation of interruptions in a program and coupled with this the limitation of 12 minutes per hour for commercial content. If you combine these two together, it would seem to preclude the use of public service announcements or promotion announcements in this hour. Because if they are to be considered as commercials—whether they are or not, restricts their use. I won't say it will restrict their use on television as such, because I doubt if there are very many stations who are sold out and who have all of their availabilities sold, but it might change the position to where we are moving public service to off periods, or mornings, or afternoons, or less

desirable times. As it is now, we have good positions open in class A time and these are used for good purposes for service clubs, and so on.

**Senator Smith:** It has been brought to my attention—this relates to news and I don't know who would like to answer the question...

**The Chairman:** Well, if it is news we might perhaps put it to Mr. Donovan who is the news chief.

**Senator Smith:** It has been brought to my attention that CHSJ television carried very good coverage on the subject of pollution of the Saint John harbour—even went to the extent of naming what was in other news broadcasts in other parts of the country and the main source of the pollution. Was that a bold step in relation to what you have done before? I have also been informed that the Saint John newspaper didn't give the same coverage to it. I haven't checked my last statement and I would like to be corrected if I am wrong. Did you look over your shoulder when that was part of the news broadcast?

**Mr. W. K. Donovan, Managing Editor, News, New Brunswick Broadcasting Co. Limited:** I would say simply, Senator, it was a major story and was treated as such. It was as simple as that.

**The Chairman:** Mr. Costello?

**Mr. Costello:** Exactly the way the newspaper treated it, as a major story.

**Senator Smith:** I wasn't able to find the issue, but it was my impression that that was polarized...

**Mr. Costello:** Well, unfortunately, that was not the case and I believe tear sheets have been submitted to you...

**Senator Smith:** Well, they haven't come to my attention. It really was a minor point but there is a major point, of course, back of the whole thing which you will understand. I would like to follow this up just for a moment. I was invited some time ago to be one of the judges for this year's Gillin Award which as you know is sponsored by the CAB and given to the radio station which in the judgment of those particular judges in any year has performed the best community service. Last year it was won by a pair of Montreal stations who carried on a very worthwhile, apparently, campaign to make

the people aware of pollution. Have you ever thought in your programming that this would be a subject of a special interest, as it would be in Halifax, to treat in depth and make the people aware of what the problem is now and can be in the future; also let these same people who complain about pollution in on the secret of how much it would cost and what the effect of the cost would be on those who are concerned with it. Have you ever thought of doing a story in depth for a series on radio and television?

**The Chairman:** Mr. Cromwell?

**Mr. Cromwell:** Well actually up to this point in time we haven't gone into programming in depth outside of the program which we call News-scope in which competent people and knowledgeable people are invited to discuss various subjects such as you are suggesting. We go into depth quite a bit, I think, in this area on various subjects and that certainly would be one of the subjects that would be covered by Mr. Donovan, who is the moderator of the show.

**Senator Smith:** What kind of subjects...

**The Chairman:** Well, Senator, I just had a supplementary question on that, if I may.

**Senator Smith:** Yes.

**The Chairman:** You listed in the News-scope area—I think there are probably 10 or 12 pages with 10 or 12 programs on each page—somewhere in the neighbourhood of 125 programs listed but I didn't see any of them on pollution. Have there been programs on pollution?

**Mr. Donovan:** I believe, Mr. Chairman, that that is a partial list. There is one program that comes to mind where it is in connection with the introduction of the Canada Water Act and the minister involved had to alter his scheduling and fly from Fredericton to Saint John specifically to do the program. We had the provincial minister of national resources in.

**The Chairman:** So there have been programs on pollution?

**Mr. Donovan:** Yes.

**The Chairman:** Thank you.

**Senator Smith?**

**Senator Smith:** I move from that to ask you whether or not editorial commentary has a

place on your news broadcasts. When I listen to the news in Ottawa in the morning and, in fact, when I am back in my home town the national news or news of a natural nature is hooked into a program in which I get the commentary program. It is a free choice given to that person who has been selected to comment on what he thinks is the story of the day or what is happening today. Do you do anything like that?

**Mr. Stewart:** If I knew the programs to which you are referring, Senator, I could be more specific.

**Senator Smith:** Well, I am referring to what I listen to which is the eight o'clock news on the CBC followed by a commentary. They used to call it "Preview Commentary." It is now just a commentary.

**Mr. Stewart:** Not as such. You would be I think asking me if, for instance, a freelance broadcaster would be given five minutes to discuss a certain topic?

**Senator Smith:** No, not necessarily freelance.

**Mr. Stewart:** Not as such. We use our own staff for this. But with regard to editorial comment within the news, definitely no. We try to interpret the news within our news broadcasts, but we do not want editorial comment on either radio or television. This is partly station policy which is made above my head and perhaps Mr. Cromwell could answer that better than I could.

**Mr. Cromwell:** I think perhaps we certainly would consider it. I think our news operation is an evolutionary process, if I may go back because I have been there for 32 years and I have seen the way it has progressed. If I go back just prior to the fifties a news department as such in our radio operation just did not exist. It was an announcer who was handed a sheet of paper or reading the back page and I suppose this was similar to many stations. However, when we became involved in television within about the second year of the operation, we started to develop a news department of our own; one where we attempted to get competent people. We felt that in television and radio, the approach was different from newspapers and that it was not exactly the same type of news reporting. From that point, we have developed a news department which started off with two men and has approximately nine, I would say, now and a half a dozen correspondents around the



province, and cameramen. This is an autonomous unit within our organization that has developed to a point where I think it is very efficient now.

**The Chairman:** Mr. Cromwell, what do you mean by autonomous?

**Mr. Cromwell:** Well I mean it functions as a unit within the organization and serves both radio and television. We don't have a separate news department for radio and television as such. This is under the direction of Mr. Stewart and Mr. Donovan. This operates without any influence from management.

**The Chairman:** Why do you combine the operations?

**Mr. Cromwell:** Well, this is an evolution of experiment. We have done it both ways. I started to describe the way we developed the news department. At first, it was a single unit and then we looked at the situation and separated radio from television. I just can't remember the years, but for a period of two or three years the radio was separate from the television department. They were in separate buildings which, of course, was part of the reason that we had separate people and there was very little interchange between them. When we got into our new plant in 1967 or 1968 we started to bring it together and frankly it has worked out very well. It is much more efficient, we have a better news service and we are able to give radio what it requires and television what it requires.

Now, we do have people in that operation who work exclusively for radio, such as reporters and writers, and we do have people in that operation who write exclusively for television, but the basis of the news operation as far as the city hall reporting, and this sort of thing, actually comes under one department.

**Senator Smith:** Mr. Cromwell, what connection, if any, would you have in your news department with the *Saint John Telegraph-Journal Evening Times Globe*.

**Mr. Cromwell:** The only connection we would have with it is what we read in the paper. Frankly, we have no direct connection.

**The Chairman:** Why?

**Mr. Cromwell:** We feel that we are competitors to the newspaper. We feel that we have a different purpose. Radio serves it a little differently and it complements newspa-

pers. Very often newspapers will develop a story which is continuing and radio picks it up and carries it through. You turn to your radio to find out what is going on. Conversely, radio or television might develop a story and if you want detail in depth I think you have to go to the press for this, but we do not have any direct connection between the two news departments.

**Senator Smith:** I have never had any experience in the media except in the early days of formation of a radio station in my own district down there, but it does seem to me that there must have been lots of news sources and people who write well who are employed by a newspaper owned by the same company or published by the same company which is your ultimate boss, and isn't it in the interest of your viewer to get the best team you can? I just don't follow the reason that you gave.

**Mr. Cromwell:** I didn't necessarily...

**Senator Smith:** To get their business because they are competitors...

**Mr. Cromwell:** I didn't necessarily mean it wasn't a good thing, but I think they are probably pretty well concerned with their own operation. If I may go back to the time earlier when we were getting news from newspapers—and I don't know whether Mr. Costello would like to hear this or not—we found frankly that a newspaperman is more interested in newspaper than he is in radio or television. We felt if we had our own people concentrating in our own media. The way that we felt it should be operated—I would say if we were unable to get competent people and we didn't have this field we have of good people, we might very well have to rely on the newspaper.

**The Chairman:** I believe Mr. Costello would like to add a comment.

**Mr. Costello:** I will just make a very brief comment. It is quite possible the radio and television station might like to have access to some of our writers, but frankly our people on the newspaper are extremely busy and their first responsibility and continuing responsibility is to the newspaper. A good competitive situation has developed, and I think that is the way we would like to keep it. We think we are serving the community better now with competition than we were previously. That is the newspaper and radio and television.



**The Chairman:** Mr. Costello, let me put a question to you which is not entirely hypothetical.

**Mr. Costello:** Fine.

**The Chairman:** Suppose you personally had access to a very significant news story—a major event national or local, or whatever it is, but you were the first person to hear of it—somebody came to you and said “Here is a good story.” What would you do with it? Would you give it to your television-radio news director or would you take it to the newspaper?

**Mr. Costello:** Well, the newspaper has had a good number of stories develop over the years and I can’t remember calling the radio and television and saying “Here is a story that you should be on or you should be on it before the newspaper.” However, that does not suggest that I would not do this.

**The Chairman:** But you are the President of the broadcasting company.

**Mr. Costello:** That is correct.

**The Chairman:** I dare say that the presidents of most other broadcasting companies in Canada in a similar situation—I spy Mr. Waters—he is coming before the Committee after Easter and I am sure if the same thing happened to Mr. Waters he would immediately phone his news director. You wouldn’t?

**Mr. Costello:** No, I didn’t say I wouldn’t.

**The Chairman:** Oh, I am sorry.

**Mr. Costello:** I said that I can’t recall. Now, perhaps Bill Stewart or Bill Donovan can recall...

**The Chairman:** I realize it is a hypothetical question.

**Mr. Costello:** But that is not to suggest that I would not and certainly if it were the type of developing story which television should be on with the cameras or radio should be on with a mobile unit, I hope that I would follow it up, yes. It just doesn’t come up very often.

**Mr. Stewart:** You haven’t been a great deal of help as yet.

**Senator Smith:** Well, we will leave it at that, Mr. Chairman.

**The Chairman:** Senator McElman?

**Senator McElman:** Have there not actually been occasions, Mr. Costello, in the broadcast stations plus the print media where they have been co-ordinated on a large story or in a specific local issue?

**Mr. Costello:** I don’t think so. If there is anything that would refresh my memory—but I don’t think so.

**Senator McElman:** The bridge throughway?

**Mr. Costello:** No, there was no co-ordination there.

**Senator McElman:** None whatsoever?

**Mr. Costello:** None whatsoever. I think I did touch on that when I was here previously and my statement was quite an accurate one. Brigadier Wardell was under this impression living in Fredericton. The bridge throughway was covered. It was a major event taking place in the community, strongly opposed by certain people and strongly supported by others, and the news media as such, radio and television, were reporting what was going on as was the other station located in Saint John.

**Senator McElman:** There was no conflict though in the approach of the media?

**Mr. Costello:** There was absolutely no conflict and I hope there will never be any conflict in accurately reporting the news.

**Senator McElman:** Another occasion I recall was at the time of the breaking of the news on the rather vast conglomerate development of Brunswick Belledune and so on. There was a co-ordination at that time wasn’t there?

**Mr. Costello:** No. What is the co-ordination that you are referring to?

**Senator McElman:** The co-ordination of each and all of the media on the same story. They were working together on the same story.

**Mr. Costello:** Not to my knowledge and I am sure not to the knowledge of anyone here. If an event takes place, if city hall blows up I hope that radio, television and the newspapers will all go and report it, but if you are suggesting that there is some co-ordination beyond this, not that I know of. If reporters are there from radio, television and the newspaper, I think that is a natural event.

**Senator McElman:** Were you not present yourself as the President of—in both broadcasting and print?

**Mr. Costello:** On what occasion?

**Senator McElman:** The last one I was speaking of—Belledune—the Brunswick story.

**Mr. Costello:** The Brunswick?

**Senator McElman:** The Brunswick smelter.

**Mr. Costello:** No.

**Senator McElman:** Sir, I was there with you.

**Mr. Costello:** You were not there with me because I was not there. Where did this take place?

**Senator McElman:** It took place in the office of E.C.L. next to the drydock.

**Mr. Costello:** No, I was not there.

**Senator Smith:** What is E.C.L. for our benefit?

**The Chairman:** Yes, I was going to ask that.

**Senator McElman:** Engineering Consultants Limited.

**Mr. Costello:** And the point is no, I was not there and I am very much surprised that you would suggest that I was, and I am very much surprised about your memory of the event.

**Senator McElman:** I am very surprised too.

**The Chairman:** Well, I am also surprised!

**Mr. Costello:** I think this should be clarified. If there is some inference being made—because I just wasn't there.

**Senator McElman:** Well, I am not making an inference because I am simply asking you of a specific occasion...

**Mr. Costello:** Well, Senator, you said I was there with you...

**Senator McElman:** And as to whether there was a co-ordination of the media on that occasion to present the story.

**Mr. Costello:** The answer is no, and the answer to whether I was there with you is no.

**The Chairman:** Well, I don't know how, as Chairman of the Committee, I can resolve who was at this meeting...

**Mr. Costello:** I can only assume that it must be a misunderstanding on the Senator's part, because I don't suggest he would say I was there, if he didn't think I was there.

**Senator Smith:** We may turn up a picture and that will solve it!

**The Chairman:** Well, I would like to...

**Mr. Costello:** I would like to have it clear in his mind that I wasn't there. Was there anyone else there?

**Senator McElman:** Yes. Mr. John Park, Jr., and Premier Robichaud.

**Mr. Costello:** Well, I was not there.

**Senator McElman:** Well, I won't pursue it.

**The Chairman:** Well, I don't think there is any point in pursuing it because we have a situation in which two men of admitted integrity have a clear misunderstanding. I think the Committee would be interested in resolving the thing ultimately, if we can, either through some source that you may have or through some source that Senator McElman may have...

**Senator McElman:** Mr. Cromwell perhaps may remember the occasion.

**The Chairman:** Mr. Cromwell?

**Mr. Cromwell:** I can say...

**Senator McElman:** But not necessarily the meeting.

**Mr. Cromwell:** I can say this that there has been no directive ever issued to me or to any of my people to my knowledge indicating in any way that we should get together with the newspaper or anybody else on the coverage of any story. I just do not receive directives like that.

**The Chairman:** Mr. Cromwell, let me ask you a question so that we can get away from the point. Your supplementary question, Senator, and I say again to Mr. Costello and to you that I would be most interested in having this followed up, but I don't think we can sit here until one o'clock discussing who was at a meeting, which I don't know about. I hope we can follow it up, however, because I would like to know.

**Senator McElman:** Yes, I would like to know myself.

**The Chairman:** Back to you, Mr. Cromwell. You say that you don't receive any directives, so let me be the devil's advocate for a moment. Are directives necessary? You know that Mr. Costello is in the newspaper, you know of his interest, and you know that while

you are in competition with the newspaper, and I am sure you are, you know also that Mr. Costello has a responsibility, so would directives be necessary for you to know?

**Mr. Cromwell:** If you are speaking of specific directives, no. I am aware of the situation there, but I will tell you this. I have been with this station during the time of the present ownership, I was there prior to that, and I have never been inhibited in any way or given any indication that I could not operate the broadcast station in the best interest of the community, or in the best interest of the directors of the CRTC, or the regulatory body, or these associations with the CBC. There has never been any indication implied or direct, or in any other way, of how to program or how to run a news operation, or anything. The only message I get is that we operate a good broadcasting service; that we try to be the best; that we are capable and try to get the capable people to do this, to be responsible and to be fair. I receive no other messages whatsoever.

**The Chairman:** Well, we are all trespassing on Senator Smith's path and I would like to turn to him shortly. However, I would like to ask one very fast supplementary question. It wasn't clear from the brief when New Brunswick Broadcasting Co. Limited was taken over or purchased by New Brunswick Publishing Limited.

**Mr. Cromwell:** Well, Mr. Costello could answer that question.

**The Chairman:** Mr. Costello?

**Mr. Costello:** That was at the time of the original purchase.

**The Chairman:** Well, that was what I thought, but I was curious—when did Mr. Irving come into the picture?

**Mr. Costello:** Well, that was at the time and he purchased...

**The Chairman:** I was interested in the phraseology that you used.

**Mr. Cromwell:** Well, I understand that Mr. Irving was connected—26 years...

**Mr. Costello:** You were talking about going back prior to...

**The Chairman:** Well, you made the statement that you were there under the other owners.

**Mr. Cromwell:** Yes, that is correct.

**The Chairman:** Who were the other owners?

**Mr. Cromwell:** At that time it was the publishing company, but the people I was involved with at that time had a direct connection with programming...

**The Chairman:** Well, I am not interested in that for the moment, Mr. Cromwell.

**Mr. Costello:** The answer is that Mr. McKenna, Mr. Robinson and Mr. McLean were the owners and they also owned the broadcasting company of the day. I think the point that Mr. Cromwell was about to make is that they did take a personal and definite interest and it was more difficult to broadcast professionally at that time when non-broadcast people were involved. May I just add one more thing.

**The Chairman:** Sure.

**Mr. Costello:** May I just ask one more question of Senator McElman because this obviously bothers me as it must bother him. Is there any possibility that this was Burgoyne or Hazel or someone, because it bothers a person when you say "You were there" and I wasn't there, and one of us has to be wrong and I don't think Senator McElman would make that statement if he didn't believe it. Is there someone else that could have been there?

**Senator McElman:** Not to my knowledge.

**The Chairman:** Why don't you fellows have lunch and thrash it out there.

**Mr. Fortier:** I just have one question, Mr. Chairman...

**The Chairman:** Is yours a supplementary?

**Mr. Fortier:** Yes it is.

**The Chairman:** Well, Senator Smith has been very patient, but go ahead.

**Mr. Fortier:** Well, it is very supplementary to everything that has been said for the last 15 minutes, Mr. Chairman. Mr. Cromwell have you ever met Mr. K. C. Irving?

**Mr. Cromwell:** I would say yes. I have met him at a social function but I have never had any dealings with him with regard to the business at all.

**Mr. Fortier:** Do you have meetings with Mr. Costello with regard to the broadcasting business?



**Mr. Cromwell:** Yes.

**Mr. Fortier:** How often?

**Mr. Cromwell:** I report directly to Mr. Costello now since he is President of the operation.

**Mr. Fortier:** How often do you meet with Mr. Costello?

**Mr. Cromwell:** On quite a regular basis.

**The Chairman:** Would you meet him every day?

**Mr. Cromwell:** Oh no, not necessarily.

**The Chairman:** Every week?

**Mr. Cromwell:** It could well be.

**Mr. Costello:** It would be likely that we would talk on the phone but there would not be weekly meetings. We would talk on the phone.

**Mr. Fortier:** What would you talk to Mr. Costello about, the programming of TV or a radio station, news content, economics, or what?

**Mr. Cromwell:** Mostly economics that has to do with the business. I think that I am charged with operating a viable operation and nobody likes to go into red figures. These things are of concern today because expenses are creeping up and revenues are going down and these are factors which we must look at. We have just embarked on a rather extensive expansion program to the alternate service system in New Brunswick and we are faced with this, and we are faced with things such as how fast do we expand our colour operations—what is the right time to do it? These are all financial problems which we have to look at.

**Mr. Fortier:** Does the board of the broadcasting company meet very often?

**Mr. Costello:** Not as such.

**Mr. Fortier:** So that all corporate decisions are, in the end, made by Mr. Costello?

**Mr. Costello:** I think that would be a fair assessment.

**The Chairman:** I think, Mr. Fortier, we should perhaps return to Senator Smith and I will return to you subsequently. Is that agreeable to you?

**Mr. Fortier:** Yes, Mr. Chairman.

**The Chairman:** Senator Smith?

**Senator Smith:** Mr. chairman, I have several areas which I think someone should enter before we run out of time. We can't deal with everything in great depth, but I will try to be as concise as I can.

**The Chairman:** My intention is, for the benefit of all concerned, to adjourn at one o'clock.

**Senator Smith:** In some of the material which you sent us which is headed Supplementary Material, I read a paragraph or so that referred to your use of the Bureau of Broadcast Measurement and I suppose that simply indicates to you the size of your audience at any given time?

**Mr. Cromwell:** I think it is a device for measuring audience or program preferences. I think it is relative. I don't know the accuracy of it, but all stations are measured by the same yardstick so it is a guide.

**Senator Smith:** That particular organization does indicate to you what preference people have for programming. Would that be relevant to your situation—well, it was only recently that you have had two channels there—would it be relevant for you to know...

**Mr. Cromwell:** No, it really isn't. It hasn't really given us very much of a clue because at the time if you only had one channel you may very well show a program of minority taste and show very well in it and the minute you introduce competition the whole situation changes. I think what it did do is it did give us some indication as to how many people or how many homes were viewing at a given time.

**Senator Smith:** Well, I didn't think that the Bureau of Broadcast Measurement did anything else. My association with a small broadcasting station was so long ago that their function may have changed some, but I know we were interested in the figures in those particular areas for commercial reasons only.

**Mr. Cromwell:** I don't know if a figure from the BBM would indicate a program preference. I think what it shows you is how many people watch a program at a given time.

**Senator Smith:** That is right. In that same material you also referred to polls taken which indicate the audience demand and the audience reaction to your programs. Do you

yourselves run other polls to get this information as to the audience preference?

**Mr. Cromwell:** Well, I think probably what we are referring to is that there are other sources other than BBM which gives us some indication as to program popularity. You get it from various publications.

**Senator Smith:** This reference was on page 6 of the Supplementary Material in paragraph 19. It states:

Our programming is done on the basis of our own experience in this field and we are guided by audience demand and audience reaction. Polls on programs are taken into consideration.

Do you yourself take those polls or do you hire other services?

**Mr. Costello:** I believe you are referring to the Bureau of Broadcast Measurement.

**Mr. Cromwell:** Basically we are influenced by reaction and we get reaction through our base switchboard and get it by mail. Mr. Stewart could answer this question because he is directly involved with out programming schedule.

**Senator Smith:** Well, I don't think it would be necessary to take the time because some of our people, I am sure, know about the operation of the Bureau of Broadcast Measurement.

**Mr. Cromwell:** Yes, it is quite an operation and I am sure your researchers would know about that.

**Senator Smith:** You don't have any other way to take a sample as to whether a certain program or a certain group of programs are receiving a good audience, or received well by your audience? Do you give your listeners a chance—apart from their fundamental right of putting a letter in the mail of course—to make suggestions on programs, and do you let suggestions from your audience?

**Mr. Cromwell:** I would say that we do get a considerable number of suggestions and if there is something they don't like we certainly hear about that. I will say that we very rarely hear about something that people do like. If they don't like it, we hear about it quickly. We are running a program now—it was mentioned earlier when the Don Messer singing came up—we have another group of people on Saturday afternoon at a time which

we thought perhaps wouldn't get very exciting results, but the mail from this is surprising. This is coming from all over the area. We have a woman's program on at 12.30 that we invited somebody from the Government to talk about safety, or something, and we happened to mention that if our viewers would like a little booklet on this that we would be glad to send it out and 350 letters came in within two days. It was a surprising response. So these sort of things give us indication that there are people who do watch and if they are interested enough to write a letter requesting a pamphlet, they are obviously interested in the program.

**Senator Smith:** Mr. Cromwell, now that you have the competition for listeners coming from the CTV network by the Moncton system, are your people trying to pay a little more attention to your kind of program to make them even more attractive than they have been in the past? In other words, has this been good for you yourself in running an operation?

**Mr. Cromwell:** I would say yes. I think competition is a good thing and I think we have always tried to do a good job. We can get a little complacent and a little self-satisfied with what we are doing. I am sure they have helped our programming, and I know we have helped their programming, because I can see the improvement.

**Senator Smith:** I would think it would be the most natural thing in the world for complacency to set in. I might even suggest, to make you feel better about it, that some of us perhaps feel a little too complacent because of our life tenure.

**Mr. Cromwell:** It also makes it much easier to program. It is very difficult to program a station when there is no competitive signal because you cannot please everybody at the same time.

**Senator Smith:** Yes.

**Mr. Cromwell:** No matter what we did we seemed to be wrong because there was always somebody who didn't like it. You might think that hockey is a very popular sport, but I wish you could get at the end of my telephone when we ran a hockey game—you wouldn't believe it.

**The Chairman:** What would happen if you left the hockey game off?

**Mr. Cromwell:** The same thing.



**The Chairman:** You just can't win?

**Mr. Cromwell:** No, you can't win.

**Senator Smith:** They would tear the station down!

**Mr. Cromwell:** That is right.

**Senator Smith:** This leads me to another area which I don't want to spend too much time on, but perhaps someone else would like to. You indicated in your material that you feel that service to the metropolitan area of Saint John by cable would be, indeed, a very dangerous thing to the welfare of your company, but also because of the side effect it would have on the inability of some of your rural audience to be served at all.

**Mr. Cromwell:** Well, I think what we are suggesting is that I think it is inevitable that there will be a cable system, but I think there should be caution and we are talking about different areas. When we are talking about Saint John we are talking about a very small area. There are 28,000 homes served by two television stations in metropolitan Saint John.

**Senator Smith:** Yes.

**Mr. Cromwell:** And these are the areas where cable will first enter. This is the area where they will make money. Obviously there is no point or commercial value in going up country with the scattered population that you have. So Moncton and Saint John would be the first areas where this penetration would occur. This would be a fragmentation of audience and when you fragment this fewer number of homes and these metro pockets, I think you dilute the viability of the media as an advertising medium. Perhaps if we don't have commercial revenues, and we don't have the funds to operate it could very well be that we would be unable to bring the service that we do. I think right now that we are serving a great area of New Brunswick which is not necessarily economically viable. We have a very powerful transmitter at full power at Bon Accord serving the north part of the province, but frankly there are only 18,000 homes in the whole area that that transmitter covers. I am sure that no commercial entrepreneur in his right mind would ever build a television station to make money on a thing like that, but it is part of the expansion of our operation. If we are hindered too quickly or too rapidly in our ability to continue this kind of service, it could have an effect. This would not happen

with large metropolitan areas, but we are dealing with very small population centres.

**Senator Smith:** Mr. Chairman, just let me ask the question in the same area of Mr. Costello. If my memory serves me correctly, and I am just going on memory—I have no note on this—one of the companies with which you are associated, and I don't know which one, did make an application for a cable TV licence...

**Mr. Costello:** That is right. There was an application about two years ago, I believe. There was some concern about the future, the same type of concern which is held now. There was concern about what would happen if cable television came to Saint John and fragmented the market. It might be suggested that it was a precautionary application. I believe that would be a correct statement Mr. Cromwell?

**Mr. Cromwell:** I believe so.

**Mr. Costello:** I think we would have the same concern now. In fact, a greater concern as cable television seems that much closer, and I think our brief expresses our position. We are quite concerned. If the regulatory body decides after encouraging our company to expand into areas which are not profitable for us, if that same regulatory body then decides that cable television should come at this time to Saint John and Moncton, I think this would be a matter of concern to us.

**Senator Smith:** Mr. Costello, what you have just said seems to me that your entry into the Moncton market up to this time at least has not been profitable with the capital you had to invest, and so on. I think you make mention of that in some other terms in your brief.

**Mr. Costello:** Yes.

**Senator Smith:** What are the prospects for that?

**Mr. Costello:** I don't think they are bright. I hope the gentlemen over here disagree with me, but I don't think they are very bright. It was not our belief at the time that this was going to increase our revenue and the opposite has been the effect up to now. I don't see any great change in the immediate future. Now, Mr. Cromwell or Mr. Stewart might have some other views on that, but it was a matter of—we are there, we do have the existing station, so this was required and demanded by the public, and I think it was a



matter of taking some of the bad with the good.

**Senator Smith:** What did the CRTC have to do with your decision to move in there?

**Mr. Costello:** The CRTC suggested that—and that may be too mild a word—it would be an excellent idea if we went to Moncton and Moncton came to Saint John.

**Mr. Fortier:** Well, they forced you to didn't they?

**Mr. Costello:** Well...

**Mr. Fortier:** Let's call a spade a spade. They forced you to do that.

**Senator Smith:** Well, I was just wondering...

**Mr. Costello:** Well, I am speaking from memory, but I don't think we were forced.

**Mr. Fortier:** They forced you to provide what they call the alternate service theory?

**Mr. Costello:** They came up with a formula and said this would be the directive. I don't think they said "This is the requirement. Do it or else." As a matter of fact, the point I am making is that they did not have to. We were quite happy to go in and do this as part of our service. As part of our service in New Brunswick.

**Mr. Fortier:** But you hadn't done it until the CRTC suggested you should?

**Mr. Costello:** As a matter of fact there is nothing you do without CRTC approval, and there were a great many proposals about what was going to happen in Moncton and along the north shore and our section of the province. The CRTC took these various suggestions and had a meeting and said "Here is a formula." This is the way we believe it should be done, and we said "You have hit it right on the nose."

**The Chairman:** Senator Petten?

**Senator Petten:** Mr. Costello, I am not as familiar with your native area as I should be for which I apologize, but when you talk about cable television coming in, does this mean they will be picking their signals up from the air from our neighbours to the south, or are you referring to American signals coming in?

**Mr. Costello:** I think we are basically concerned about the fragmentation of the market no matter how this is done.

**Senator Petten:** As I say I am not as familiar with this as I should be. Can you pick these signals up from south of the border?

**Mr. Costello:** Well, I don't think we can at the present time.

**Mr. Cromwell:** At present a direct pickup is very difficult. I think that technically anything is possible, but economically it is not practical. There are people with schemes to get around it, but...

**Senator Petten:** Well, I was not referring to North Bay couldn't they bring it in to the Saint John market?

**Mr. Cromwell:** Well, they could by microwave.

**Senator Smith:** Yes, that is what I am saying, and of course the present policy of the CRTC...

**Senator Petten:** Well, I was not referring to the microwave...

**Mr. Cromwell:** Directly, no. We are just too far away for any practical purpose.

**The Chairman:** Senator Smith?

**Senator Smith:** Mr. Chairman, I just have one other area of questioning and I don't think it would take too long. This is with regard to the CBC affiliation. In your judgment and experience over the years has that been a satisfactory arrangement both for your viewers and for your operations?

**Mr. Cromwell:** I think by and large it is. I think there is a good mix, a good balance, and I think the program content of national interest and concern is good balance. I have been on various committees in the early stages and they will listen to the problems of the private stations.

**Senator Smith:** The people from London this morning, and you probably heard them, referred to the contract—the back page or the fine print being very tough and that they had you over a barrel...

**Mr. Cromwell:** I think perhaps there are terms in effect which say that if it is in the national interest they can pre-empt anything that we are doing at any time. In other words, let us say we are operating between five and eight o'clock where we are programming our

own station before we join the network and it is conceivable that they could demand that time for any emergency.

**Senator Smith:** Has anyone from your company had an opportunity to be a member of the advisory committee of the network or the rates committee?

**Mr. Cromwell:** Yes. Mr. Stewart is on it now and I have been in the past.

**Senator Smith:** What opportunities do you have to make beefs and can you get anywhere if you have beefs over programming or rates?

**Mr. Stewart:** There have been times when we have made points, Senators, but they don't come easily.

**Senator Smith:** Was your station, or did you happen to be a member of the advisory committee at the time the CBC, according to something I read, did do some consulting with member stations of the network on the program "This Hour has Seven Days." Were you people consulted whether that program should remain on or be taken off?

**Mr. Stewart:** No. I think I had discussions with the relations department of the CBC, but they did not sound us out for an official opinion on that, no.

**Senator Smith:** Does this sort of thing happen very often when they would even sound you out? Do they regularly or even occasionally ask you for your opinion on certain kinds of programs?

**Mr. Stewart:** Yes, occasionally, would be a fair statement.

**Senator Smith:** Do they ask you questions on the subject of good taste whether your audience thinks that a certain kind of programming is or is not in good taste?

**Mr. Stewart:** Not formally. In an informal way I have even had discussions with the President of the CBC. When he visited the area he wanted to discuss his programs with us and we had a very good discussion. We did tell him at that time that there were things that they did which did not sit well with our audience. Part of the problem is because we are in a different time zone and some programs that may make sense at a certain hour in a more metropolitan area we don't believe is the type of program which should be presented at the time we receive

it. At lot of this has improved since they instituted the pre-release which in effect puts the programs an hour earlier on the same clock hour as they are in the central time zone.

**Senator Smith:** Mr. Stewart, do you carry the CBC national news every night?

**Mr. Stewart:** Yes, sir.

**Senator Smith:** And what hour would you get it?

**Mr. Stewart:** We now get it at eleven which is the result of the pre-release which is an improvement, because we used to get it at midnight. It was just too late.

**Senator Smith:** As I can remember the programming that comes on the network, on occasions the national news on Sunday is followed by a free time political broadcast?

**Mr. Stewart:** Yes, sir.

**Senator Smith:** Have you ever had your audience measured to see who stays up that late in the Saint John area to listen to a political broadcast at 11.15 or 11.20, or whatever it is?

**Mr. Stewart:** Yes. Most of our measuring comes through BBM. But just to clarify our point that was made earlier we have circulated our audience with a form they could report back to us on the program and Mr. Cromwell doesn't do it now, but there is another one on my desk where I am proposing we do this type of sample. I would think that the watchers on Saturday night—this pre-release doesn't apply Saturday night and there is one of these programs on Saturday night and one on Sunday. The one which is on Saturday night—pre-release can't do anything with Saturday night because the hockey is live and it comes on after midnight. The only thing that saves it or which keeps the audience there at that time is the fact that we play a feature movie immediately after it. If we were signing off after that and not playing a feature movie that late at night, our experience is that the audience would drop down to something like 7 or 8 per cent.

**Senator Smith:** Do you ever get complaints from people that they are unable because of the nature of their employment—they have to go to work the next morning—that they cannot stay up even for that eleven o'clock news and certainly not for the free time political broadcast, which many of us think is

in the national interest for a great many people to listen to, whether they agree with it or whether they don't agree with it?

**Mr. Stewart:** Candidly, Senator, I can't recall ever having anybody tell me that they watched either of those political programs.

**Senator Smith:** Well, perhaps they would never watch if it was on at that hour.

**Mr. Stewart:** The last time that we presented these programs we presented them on Sunday afternoon. I would suspect—as a matter of fact, I am certain there are more people who would watch them at that time.

**The Chairman:** Did you carry on radio a report from the local member?

**Mr. Donovan:** No, not apart from the news.

**The Chairman:** Has he ever asked you to do this?

**Mr. Donovan:** Not to my knowledge.

**The Chairman:** Would you do it if he asked you?

**Mr. Donovan:** Well, you would have to tell me which local member you are talking about because there are several.

**The Chairman:** Would you differentiate?

**Mr. Donovan:** No. But I would think if you do it for one you would have to do it for them all.

**Senator Smith:** I think what the Chairman is likely referring to is the system that was developed by CAB some years ago, indeed it was more than 20 years ago when I was in the House of Commons. Every member from the House of Commons from that day on would go downtown and put something on a tape and they would be played automatically over their local radio station all across this country. I am surprised that your station hasn't been in that scheme because I thought they all did it.

I think I will wrap up my reference to the CBC affiliation by one final question.

**The Chairman:** Fine.

**Senator Smith:** The CAB made a suggestion to us that the CBC—as a matter of fact they actually recommended to us that the CBC should be nothing more or less than a programming organization. Do you agree with that?

**Mr. Cromwell:** I don't know if I subscribe to it entirely. I think it is perhaps a little late to be talking about that. This is nothing new, of course, in the Association of Broadcasters. It would seem that it takes such a great deal of capital and a great deal of money to develop Canadian talent, to produce Canadian programming, and this money must come from some source. I think the basis of their suggestion was that the money that was funnelled into the actual physical operations and the hardware of broadcasting might well be better spent funnelled only into production of programming and development of talent. Whether this is a practical scheme at this point in time, I don't know.

**Senator Smith:** Could your company get along under the present circumstances without CBC affiliation?

**Mr. Cromwell:** Well, I wouldn't envisage—to get back into the former question—that the CBC would cease to exist. I don't think it is the Association's impression or intent that there be no CBC. I think it is just a different function of the same organization and whether it actually operated transmitters or just operated as a program source, I don't know. I think it is a condition of the licence of various private broadcasters that they carry as much or if not more than we carry now originating from the CBC, except that conceivably it would be better quality because there would be more money available to be spent on it. It wouldn't affect anything in New Brunswick because the transmitters are in existence now and they are not CBC transmitters—they are privately operated. So as long as the program material is funnelled through it by no matter what means it would make no difference.

**Senator Smith:** Well, the answer then to my last question is that you think there would be a difficulty to get along without the affiliation with the CBC?

**Mr. Cromwell:** Yes, you have to have some source.

**Senator Smith:** The CTV is right in your area as well?

**Mr. Cromwell:** Of course.

**Senator Smith:** That is all I have, Mr. Chairman. Thank you.

**The Chairman:** I wonder whether Mr. Costello could tell me whether or not he belongs to the Canadian Association of Broadcasters?



**Mr. Costello:** I think Mr. Cromwell could. Do I belong George?

**Mr. Cromwell:** Well, the station does.

**Mr. Costello:** Well, I get the material but I am not an active member.

**The Chairman:** You are not an active member of the Canadian Association of Broadcasters so really my next question is perhaps an unfair one. I was going to ask you which organization does the best job for its medium—the CDNPA or the CAB. You have disqualified yourself. You may comment if you wish but you have said that you are an inactive member.

**Mr. Costello:** The only comment I would make is that you are right, it is a terribly unfair question and I am delighted that I am disqualified.

**The Chairman:** Are you active in CAB activity, Mr. Cromwell?

**Mr. Cromwell:** Yes, I am on the board of directors at the present time.

**The Chairman:** But the actual member of the CAB—how does it work?

**Mr. Cromwell:** Well, the station is the member.

**The Chairman:** And how many people go from the station?

**Mr. Cromwell:** Each station has one voting delegate.

**The Chairman:** And you are it?

**Mr. Cromwell:** I would be it or I could designate someone else.

**The Chairman:** It is not Mr. Costello?

**Mr. Cromwell:** Well, it could be.

**The Chairman:** He could be?

**Mr. Cromwell:** Yes.

**The Chairman:** But he doesn't wish to attend.

At page 3 of your brief, Mr. Costello, you say:

"We do not know if there will be further concentration of ownership, but it seems likely."

Does it seem likely in New Brunswick that there will be a further concentration of ownership?

**Mr. Costello:** Somehow I doubt it.

**The Chairman:** You were referring to other provinces other than New Brunswick?

**Mr. Costello:** Yes.

**The Chairman:** Mr. Fortier?

**Mr. Fortier:** Mr. Cromwell, what tangible benefits, if any, flow from the fact that your broadcasting company is owned by a conglomerate?

**Mr. Cromwell:** I think there are many benefits. I think this has been the reason why we have been able to develop broadcasting to the state it is in in New Brunswick. I might point out that if it was not this way I would think we would be much slower in developing television and colour and the various other things.

**Mr. Fortier:** If what would not be what way?

**Mr. Cromwell:** I mean if we were owned by a single person, a single owner—I just don't think...

**Mr. Fortier:** Are there any disadvantages which you have experienced over the years in being a member of a conglomerate, a company amongst many belonging to Mr. K. C. Irving?

**Mr. Cromwell:** I have not experienced any difficulty because of the fact that there has been no interference or any direct operational interference with any of the other companies. We have operated as a broadcasting unit and we always have. I would suppose, if I may go back a number of years, that if this thing were a fact and it were happening I wouldn't be with them. I think it is a very healthy situation as far as we are concerned and I think through this whole ownership system we were able to bring to New Brunswick a television system and the whole thing.

**Mr. Fortier:** You seem to paint a very positive picture. Surely all cannot always be roses?

**Mr. Cromwell:** No.

**Mr. Fortier:** Have you had any complaints at all to ever direct to Mr. Costello?

**Mr. Cromwell:** Complaints in what area, Mr. Fortier?

**Mr. Fortier:** In the way that the company was managed; in the way that funds were made available or not made available?

**Mr. Cromwell:** I have never had any complaints. The only complaints that I have ever received that I can remember have been about programming problems. If somebody doesn't like something...

**The Chairman:** No, I think the point Mr. Fortier is making, Mr. Cromwell, is complaints that you have made to Mr. Costello.

**Mr. Fortier:** To the owner. Have you ever said to the owner through Mr. Costello, I wish to heck this would happen, or I wish I had that money, or I wish this had not happened?

**Mr. Cromwell:** Well, my experience is that every time we have gone into any exercise that has to do with the enlargement of the operation or the improvement of it, I receive a very receptive reception.

**Mr. Fortier:** So you have no beef to take with the owner at the moment?

**Mr. Cromwell:** Not at the moment.

**Mr. Fortier:** All is well in the best of all worlds?

**Mr. Cromwell:** I think we are very fortunate that we have this system.

**Mr. Fortier:** Mr. Costello, what benefits, if any, exist from the fact that your company owns and publishes newspapers as well as owns and operates broadcasting stations?

**Mr. Costello:** I don't see benefits, tangible benefits. I see the type of benefit that Mr. Cromwell refers to. That is that the primary objective is not simply to make money, its to provide a service. I think that is a benefit in New Brunswick. In the physical sense we have excellent facilities for the newspaper and the radio and television station. Beyond this we are developing the type of professional broadcasters we are capable of developing.

**Mr. Fortier:** Are there ever any horizontal moves between, say, employees of a newspaper who would move to the broadcasting operation or vice versa? Has this ever happened?

**Mr. Costello:** It doesn't happen as a rule.

**Mr. Fortier:** Has it ever happened?

**Mr. Costello:** Yes. I think people have gone from newspaper to the broadcasting company.

**Mr. Fortier:** Supposing, Mr. Costello, that you were the owner—supposing that you were Mr. K. C. Irving whom you represent

here today and you were asked to divest yourself of either your print media interest or your electronic media interest, which one would you sacrifice?

**Mr. Costello:** Well, if I were asked I would not divest myself of either.

**Mr. Fortier:** Well, I am asking you to answer just a purely hypothetical question. Which one is most important to you as an owner, the newspaper or the broadcasting?

**Mr. Costello:** To the owner—I don't know what the owner would answer to that.

**Mr. Fortier:** Has he ever mentioned it to you?

**Mr. Costello:** No, I don't think that he plans on divesting.

**Mr. Fortier:** No, but has he never said that he took great pleasure from the fact that he owns newspapers and that he took less pleasure from the fact that he owns radio and television stations?

**Mr. Costello:** I think the pleasure that is derived is the same pleasure that I would have if I personally produced a better newspaper, and I think the pleasure that Mr. Cromwell will have if he produces better radio or television. There is an emotional pleasure or some satisfaction I think it would be in this area. I think Mr. Irving is pleased to see the physical development of the plants. I think he is pleased to see the type of improvement which we maintain in both the television and radio and in the newspapers.

**Mr. Fortier:** What about the economic pleasure or economic satisfaction? Which one is a more viable economic entity? The newspaper side of the business or the broadcasting side of the business?

**Mr. Costello:** Well I think at the moment that the newspaper is in a little stronger position than the broadcasting.

**Mr. Fortier:** Again I am assuming that you are the owner. Mr. K. C. Irving has invested you with all his interest in the New Brunswick Publishing Company Limited and you are forced to take this decision for whatever reason it may be—not necessarily governmental interference, but you are forced to divest yourself. Which one would you let go?

**Mr. Costello:** Frankly, someone else would have to decide. I would not decide.

**Mr. Fortier:** You mean the owner wouldn't decide?

**Mr. Costello:** I don't know what he would do but if it was me, someone would have to say—you would have to say, you are going to get rid of this or else.

**Mr. Fortier:** Well, I am saying it.

**Mr. Costello:** Well, then you say which one.

**The Chairman:** Well, Mr. Fortier, I think the witness has answered.

**Mr. Fortier:** Mr. Cromwell...

**The Chairman:** Well, before you go on, Mr. Fortier, may I say it is three minutes after one and I have Senator McElman wanting to ask a question and Senator Smith. I would like to ask one question and we have to be back at 2.30 p.m. to meet Mr. Berton—I can't let this thing spin on endlessly, so would you complete your line of questioning?

**Mr. Fortier:** All right, Mr. Chairman. Just one last question.

**The Chairman:** And then I will ask for Senator McElman's question, then I will put my own and then Senator Smith may have the final question.

**Mr. Fortier:** I will pass, Mr. Chairman.

**The Chairman:** No, please go ahead.

**Mr. Fortier:** No, Mr. Chairman. I will pass.

**The Chairman:** You are seldom so easily intimidated. Please go ahead.

**Mr. Fortier:** Mr. Cromwell, you said earlier that you read Saint John newspapers. How do you regard them?

**Mr. Cromwell:** I find them good papers.

**Mr. Fortier:** What do you think of the *Telegraph-Journal*? Is it a good paper or a bad paper?

**Mr. Cromwell:** I think it is a good paper. I don't know whether or not I have actually had an opportunity of comparing it with other newspapers. I know that when I am in Toronto I try to buy the *Telegraph-Journal* and I think it covers the provincial and local scene very well.

**Mr. Fortier:** Is the *Telegraph-Journal* the only paper you read in New Brunswick?

**Mr. Cromwell:** Well, the other is the evening paper and I also read the *Gleaner*. I also read the *Moncton Times-Transcript*.

**Mr. Fortier:** Do you think these are good English papers?

**Mr. Cromwell:** I think they do a good job, frankly, yes. I think there is an improvement every year.

**The Chairman:** Senator McElman?

**Senator McElman:** Just two brief areas, Mr. Chairman. Mr. Costello, we have had several witnesses of late who have touched on the same point. One of those was here last evening and I think it is almost a direct quote—it is very close in any event, but he suggested that the mass media has the power of deciding which issues become public issues. That is the media can lead in making them public issues or conversely by non-treatment of a social or local issue, they can retard any real possibility of their becoming public issues. Would you agree that the mass media has such a power?

**Mr. Costello:** I don't know how great the power is but I think in general terms the answer would be yes. The mass media does have some power to influence by what it does and by how it performs, yes.

**Senator McElman:** Would you agree that that power to influence would be greater where there is a control of a large element—a concentration of ownership of a large element of all the media available in an area. Would there be power to influence—would it become greater or could it?

**Mr. Costello:** I think you are asking if there is a potential power in existence and I think the answer is probably yes. There is the potential power. I think I would like to add a well, insofar as New Brunswick is concerned that the thing that has been a protection to the company is the responsibility which has been taken by the individual newspaper and by the broadcasting company. This protection is much more apparent, and has been in recent years, than it was years ago. If you would allow me to relate to my own period on the newspaper as publisher—it is about nine years I think—there has been no attempt to use any potential power which might exist. I think it would be ridiculous for me to attempt to argue that if there is some power or some potential power that it is not greater until it extends to a larger field.

**Senator McElman:** It would accelerate the degree of concentration?

**Mr. Costello:** It would not necessarily accelerate...



**Senator McElman:** We are talking potential.

**The Chairman:** Yes, potential.

**Senator McElman:** The potential would accelerate?

**Mr. Costello:** Well...

**Senator McElman:** With the degree of concentration?

**Mr. Costello:** That is correct.

**Senator McElman:** The other area, and believe me Mr. Chairman, I have no intention of trying to convince Mr. Costello that he was at a meeting.

**The Chairman:** Are we back to the meeting?

**Senator McElman:** Yes.

**The Chairman:** O.K.

**Senator McElman:** I would simply like to recall—Mr. Cromwell, you were the head of the broadcasting operation in October of 1964 were you not?

**Mr. Cromwell:** That is correct, yes.

**Senator McElman:** Mr. Costello, you were involved also at that time in broadcasting directly, were you?

**Mr. Costello:** No.

**Senator McElman:** But you were president of N.B. Publishing?

**Mr. Costello:** Correct.

**Senator McElman:** And in charge of the print media?

**Mr. Costello:** Correct.

**Senator McElman:** This is the front page of our newspaper. Do you recall this?

**Mr. Costello:** Yes, I recall it. I recall every front page.

**Senator McElman:** Well, I would dispute that you recall every front page. This was a rather extraordinary front page. Banner line—red lead above your own staff—Premier announces a \$117 million industrial development program for New Brunswick. Then the black banner line below your own staff—steel mill to cost \$64 million—\$90 million a year benefit to New Brunswick. And the photograph shows the Premier and John Park, Jr.

standing in front of a chart of some sort showing a part of this projected development.

There is a great editorial on it which sets out how extraordinary this whole thing is—two complete new steel mills, two new mines, concentrator, an acid plant, one of the largest in the world—largest fertilizer and manufacturing plant in the world—all year round shipping harbour on the north shore, new 30,000 ton ore carrier to be built in the Saint John drydock in Saint John which is a \$12 million thing in itself. And then we get to page 3—the same day—the whole page, complete again, with a photograph of Mr. Park who was President of Engineering Consultants Limited at that time, I believe, which was a wholly-owned subsidiary of the Irving interests which also owned the newspaper and the radio and television. Here again the charts and again the great reactions, and so on. You recall this event, do you?

**Mr. Costello:** I recall the event, yes.

**Senator McElman:** Do either you or Mr. Cromwell recall the event previous to the publication of this?

**Mr. Costello:** No.

**Senator McElman:** The meeting?

**Mr. Costello:** No, I don't recall a meeting. A meeting involving you and myself and...

**Senator McElman:** John Park?

**Mr. Costello:** No, I don't recall that.

**Senator McElman:** Then could I ask would it surprise you—and I am not disputing you—I won't dispute you—if I made a mistake I will certainly retract it, but I must admit I would find it hard to confuse Bert Burgoyne with yourself.

**Mr. Costello:** So would I.

**Senator McElman:** In any event, let us forget that aspect of it if we may. Would you find it surprising if I recalled that on this occasion representatives of the broadcast media and of the newspapers did take part in the preparation of this whole production in advance and as Michael Wardell said in his editorial covering this same thing:

"The prime mover in this great new development is, of course, none other than K. C. Irving who stands like a magician, has galvanized a great variety of industries in this province over the past 40 years."

I simply remind you of this. I don't dispute them in any fashion. Would you be surprised if I recalled that, let's say, senior representatives of both broadcast and the print media were brought in to discuss this and the whole thing was laid out. The charts were prepared with the assistance of art staffs so they would show up well on TV and this sort of thing, as well as reproductions in newspapers, and that the whole effort was co-ordinated well in advance. The only flaw, as I recall Mr. Costello, was that although there was a break time on it somebody busted it in Halifax in advance. You may recall that.

**Mr. Costello:** No.

**Senator McElman:** You don't recall that either?

**Mr. Costello:** No.

**Senator McElman:** Even though they had a break on your paper, you don't recall it?

**Mr. Costello:** Well, I will answer the question if it has been completed.

**Senator McElman:** Would it surprise you?

**The Chairman:** Well, I am not sure what the question is?

**Senator McElman:** I am asking if he has any recollection of the co-ordination that took place?

**Mr. Costello:** No. I will try to answer that one as well, but the question which you asked me was would it surprise me if this sort of thing did take place and the answer is no it would not surprise me. It could take place at any time. If a press conference was called, if that's what it was...

**Senator McElman:** Well, it wasn't really a press conference.

**Mr. Costello:** Well, whatever it was to arrange for the release of information and the radio and television and newspapers were called in—no, that would not surprise me at all on a thing of that size.

**Senator McElman:** Any comment, Mr. Cromwell?

**Mr. Cromwell:** I have no recollection of it, but I would suppose that if anybody were called in, it would be on a program level, but I wasn't connected with it so I really don't have any knowledge.

**Senator McElman:** You don't recall it?

**Mr. Cromwell:** No, I don't recall it.

**Senator McElman:** Were there not preparations in your studio? This was your old studio?

**Mr. Cromwell:** There very well could have been, but since I wasn't involved with it I don't recall.

**Senator McElman:** You weren't involved?

**Mr. Cromwell:** No, I wasn't involved but perhaps Mr. Stewart recalls this.

**Mr. Stewart:** Yes, I recall some preparations. There were preparations made for paid broadcasts and we were asked to arrange a network of stations, if I remember correctly, which we did. I produced a program and the only other thing that I know, that I recall, was that there was great secrecy about it. The talk was put on teleprompter, I believe, and that was delivered to me a matter of an hour or less before the program went on the air in order to safeguard against a premature break on the thing. The program, I think, went on the air somewhere between 6.30 and 7 and I produced it.

**Senator McElman:** Well, you recall, Mr. Stewart, that it did break in Halifax?

**Mr. Stewart:** I recall hearing, but I wasn't sure—I don't recall that it was a newspaper—I was under the impression that it was broadcast.

**Senator McElman:** That it was radio?

**Mr. Stewart:** Yes.

**Senator McElman:** Well, the point of the whole exercise is that I do recall it very clearly that there was co-ordination. There was no press conference as such. There was a co-ordination. The co-ordination was done not at the insistence of government, but at the insistence of E.C.L., a wholly-owned subsidiary, under the direction of Mr. John Park.

**Mr. Costello:** Well, that is information that you have and I am not familiar with it.

**Senator McElman:** Fine.

**The Chairman:** Do you have a question Senator Smith?

**Senator Smith:** Yes, Mr. Chairman. I would like to wind up this questioning if I could on the same general area that I started out on and that is programming. I would like to ask Mr. Stewart for his comments on this particu-

lar information which I had a note on but I haven't turned it up in time to ask the question before. You give a list—a rather lengthy list of, say, eight, or nine, or ten pages of the subject and the names of those who participated in your various "Newscope" programs over a certain period of time. The first one on the list of subjects is "controversial organization opposition to bilingualism and biculturalism." Participating—Elton, Killam, Vice-President of Maritime Loyalists Association. On the last page of this summary of participation, and so on—at the top of the last page you have under the subject heading Maritime Loyalists Association; Participating—Elton Killam, Moncton.

I fail to find any reference at all in the Newscope program on the other side and the generally accepted side that biculturalism and bilingualism is a potent force in this country today supported by all the political parties in the House of Commons. Have you any comment to make on that?

**Mr. Stewart:** Mr. Donovan is more qualified, Senator, but one comment I would like to make—I think the fact that that is there twice is a duplication. I don't think Mr. Killam went on the air twice and I am quite sure that we have had a number of people on a variety of programs speaking on biculturalism and bilingualism and Mr. Donovan may recall exactly who they were.

**Mr. Donovan:** Senator Smith, Senator McElman may have seen the program or heard of it—the Maritime Loyalists Association with Mr. Elton Killam?

**Senator McElman:** I have seen all I want!

**Senator Smith:** I have heard about it as well.

**Mr. Donovan:** The one on the last page was simply a duplication. The other side has been explored and if it will ease your mind I think most people thought it was critical, a critical interview with Mr. Killam.

**Senator McElman:** I would like to say that at that instance, as in most instances, Mr. Donovan did a tremendous job of exposing extremists to the people of New Brunswick and thereby, I think, played a part in disposing of them.

**The Chairman:** I wonder Mr. Costello—you were the first witness we had before this Committee, so just before we adjourn do you

think this has been a full study of the media and a professional examination?

**Mr. Costello:** I hope it has been. I fear it may not have been. I fear you may not have had enough time, I fear you may not have had enough money, I fear that you may in some areas be examining past history which is perhaps all part of the inquiry. So these are my fears, but I would also like to say that yesterday I was in Quebec City and was asked to speak at a service club. I said then and I say it again that I believe that the newspapers of Canada—perhaps I am a little bit oriented towards the newspapers—but the newspapers of Canada should benefit and I believe will benefit from the inquiry which has taken place. I think it has been a very strong reminder to the media of our responsibility. I also said that I do not envy you or your colleagues the chore which you now face.

**The Chairman:** Which awaits us.

**Mr. Costello:** Yes.

**The Chairman:** Thank you. I should say that we are grateful to you and your broadcasting colleagues for coming to the Committee. It has been a helpful presentation. Much has been said at these hearings about the media in New Brunswick, as I am sure you know, and the contribution today will be useful in helping us prepare the ultimate report. I can assure you we do not minimize the task which is in front of us.

Thank you very much.

The Committee adjourned at 1.20 p.m.

Upon commencing at 2:30 p.m.

**The Chairman:** Honourable Senators, if I may call this session to order. The witness this afternoon, as I am sure you will realize, is Mr. Pierre Berton. I was just mentioning to Mr. Berton that the last time I introduced him I attempted to give a humorous introduction, which I thought I did, but he one-upped me so completely in his opening remarks that I decided to play this one perfectly straight.

I will tell you that he was born in Whitehorse, July 12th, 1920. He was educated at Victoria College, Victoria, British Columbia, and the University of British Columbia. There is a long list of things he had done since and is presently doing and I am sure the Senators are more than familiar with Mr. Berton's involvement with many phases of the media.



I should say to you, Mr. Berton, that what we try to do in these hearings is have a mix. We have attempted, of course, and understandably so, to have a representative group of media publishers, and owners, but we have tried to liven the mix with organizations such as the Canadian Consumers' Association, the Canadian Labour Congress and many other organizations. As well we have tried to bring nationally-known communicators from Gerry Goodis to Douglas Fisher, including Mr. Charles Templeton and yourself.

We are grateful that you have found time to be here and I for one realize, and I am sure that most of the Senators do, that you really are one of the busiest people in Canada. We think there is a great deal that you can contribute to this study.

Having said those things I will turn it over to you, but I would like to suggest that perhaps you begin with an opening oral statement. You may take as long as you may feel is required and following that we would like to question you on things you say and perhaps on things you don't say.

**Mr. Pierre Berton:** I would be delighted, Senator Davey, and Honourable Senators. Thank you very much for having me; it is a pleasure to be here. I represent, as I am sure you know, nobody but myself; therefore, perhaps my remarks won't carry too much weight. I would like to say a few things verbally and informally on both newspapers and broadcasting, both of which I have been associated with, but first on the press.

It has been thirty years since I started in the business of journalism as a cub on the *Vancouver News-Herald* and I can't really remember a time when the press of this country has been threatened as it is threatened today. I think the threats are both exterior and interior because I think the newspapers themselves contain the seeds of their own demise. They are often enough their own worst enemies. But I want to talk first about the exterior threats because I think they are profound and dangerous.

I have never seen in all my years, and wouldn't have believed it when I began, having listened to so many luncheon club speeches about freedom—I have never seen so many attempts at censorship of the press by the police and the municipal authorities of this country. Now, I am not talking about the daily press which doesn't get censored in that

way—I am talking about what we call the underground press and you have already heard from them in a discussion which I think is a very healthy manifestation.

It is the first time I have seen really an alternative to the large established publications of this country. I think what we want and desperately need in this country is this kind of alternative. This alternative, which is in generally the form of a weekly informal newspaper published by young people, has been subjected to what I can only describe as unbelievable, scandalous and continual harassment by the municipal authorities and police of several cities in this country.

One thing that concerns me is that although some individual newspapers have written some editorials about this, the press of the country as a whole, the established press, have really not said nearly enough about this, they haven't got nearly as angry as they do when much more minor aspects of the freedom of the press are raised by the community as a whole. As you know because you have been told by the *Georgia Straight*, we have seen the business licence technique used right across this country from Montreal to Victoria and New Westminster to stop the publication and the distribution of newspapers. I don't really want to repeat what has been said here already, but when the Mayor of a city takes it upon himself to censor papers that he doesn't like, simply because he doesn't like them, by refusing them a business licence—there must be something very, very wrong especially when he seems to have the support of a large section of the public and the tacit support of some daily newspapers.

The situation that existed in Vancouver and New Westminster has also existed in other cities as you know, in Montreal and in the city of Ottawa. I find the remarks of the judge who sentenced eleven vendors of *Logos* in June of 1968 almost unbelievable in a democracy. Now, in Montreal as you know in 1968 there were about thirty-five arrests of vendors of *Logos*.

It is clearly established in Montreal that a newspaper does not need a permit to be sold. They got around this by saying that *Logos* was in the category of books, circulars or brochures, which is absolutely pure nonsense—it is a newspaper in every sense of the word. However, there were eleven vendors arrested, found guilty and fined for the heinous crime of distributing the free press of

this country and they were fined \$40. each by Judge Gerard Tourangeau on June 16th of 1968. This is what the Judge said—and this is really the crux of the thing—he said, “I would like to assess each accused...” He couldn’t—he had to give them the maximum—“I would like to assess each accused \$100 and costs”—and get this—“for, in my opinion, the newspaper in question is of a revolutionary nature, the purpose of which is to spread dissension and dissent.”

Well, as you know, the history of journalism has been to spread dissension and dissent from time to time. If it didn’t do that, it wouldn’t be worth its salt. I was interested that the Judge—having fined these people for selling something that the city insisted were either books, circulars, or brochures—used the word “newspaper” to describe it when he made this totally uncalled for remark. It indicates exactly what was going on—that the business licence was only a device to stamp on, to trample on, the rights of freedom of expression in this country and to put people out of business for publishing remarks which the authorities don’t like because they don’t agree with them. The previous month in Montreal another Judge had three newspaper vendors up before him.

Now you know if you infringe a business licence in a community you don’t get usually hauled and thrown into jail. They issue a warrant for your arrest, a summons is issued and then when the time comes you go before the Court. These are just misdemeanors but these kids are always put into jail and they have to raise bail. Two of these kids who had long hair had to raise \$25 bail and the Judge let the kids who had the short hair go away with just paying \$20 bail. This often indicates the attitude towards the press and this kind of press in this country.

Often in my dreams—I have a picture of John Bassett putting out a new newspaper in Montreal—he puts out this new newspaper in Montreal and immediately the police pounce on the younger Bassetts who are out selling it and they haul them off to jail saying that you haven’t got a business licence. Can you imagine the row that would be raised by the established press of this country? “Freedom of the press” they would shout, which they often shout when someone says that a boy of fourteen shouldn’t have to get up at six o’clock in the morning to sell newspapers.

Now, the same thing has happened here in Ottawa. I don’t want to really go on too long about this, but I must say I find it unbelievable that police should jump on kids selling newspapers, that they should tell them lies, they should confiscate not just one newspaper as evidence but in some cases three hundred and fifty which is the entire production of the plant, that they should demand bail, that they should obviously attempt to force newspapers out of business.

There were two or three kids who didn’t have a lawyer at this time before it was ruled in the Court that the by-law about licences did not apply to newspapers. As I understand it, the by-law—and my information comes from the Civil Liberties Association of which I am a director and a branch of which was started in the city because of this—is that a minor in this town can get a licence to sell a newspaper for ten cents, but these kids who were selling newspapers were told by the police first that what they were selling wasn’t a newspaper; second that they weren’t minors and third that the licence would cost fifty dollars. Patently untrue. I learn that on the mall here—the Sparks Street Mall—they still can’t sell their newspapers although now there is this documentary evidence in the form of tape recorders and photographs showing that the *Citizen* and the *Journal* have been sold on the Mall and nobody has prevented that from being done. I think this is patently unfair and unjust.

In March a newsboy selling not the *Citizen* or the *Journal* but an underground paper here was told by the police that he couldn’t shout aloud the headlines. I never walked down the street in any Canadian city where newsboys haven’t shouted the headlines for years and years and years and why is it suddenly...

**Senator Beaubien:** Would it depend on the headline, would you think, Mr. Berton?

**Mr. Berton:** I have no idea.

**Senator Beaubien:** If the headline was a little rough?

**Mr. Berton:** If the headline is a bit rough and it is against the law, surely the police will arrest that man for obscenity and if it is found obscene, put him in jail. The police have no right making the laws—they only have the right to enforce the laws and if they think the law has been violated, they have a



perfect mode of procedure. Now, the obscenity laws have been used, as you know, in many of these newspapers. In Vancouver, the case of the *Georgia Straight* is perhaps the most famous one—it was found innocent as a matter of fact, but only after so much harassment that one of the Judges said that it seemed to him that this particular publication was being singled out in these obscenity cases.

There are many other papers with an equal number of words, books and magazines of all kinds on sale at the newsstands, but only a certain kind of paper has been singled out. That is as much as I want to say at the moment, but I hope that the Senators on this Committee will take cognizance of this situation because I think it is very dangerous. I think this whole business of freedom of the press has to involve allowing people to say things that we don't like; otherwise we had better stop telling the Russians how much freedom we have.

Now, there is another serious threat to the press which I think is dangerous and that is the threat inherent in the educational system in the high schools, and in fact in some of the universities, where the concept of censorship by the authorities seems to me to be inculcated in almost every student in this country by the example set by the school authorities who insist on censoring, moulding and changing the copy in high school—and in some cases even the universities' papers. If you are a student editor in this country unless you belong to a very enlightened high school which I am quite sure are in the minority, you can't put out a newspaper which is in any sense free. You can't say what you want. You can't say what you think as the editor, you can't say what other kids think in the editorials and sometimes you can't even report what they think. Now, this situation varies from school to school and from city to city. I see a lot of these kids during the year and this is the first complaint they make to me, that they have no freedom to run a newspaper.

Now, if the schools are supposed to be teaching freedom then surely the first place to teach it is by example. Now, sure you will get a lot of lousy newspapers—a lot of them aren't any good anyway and they say a lot of idiotic things but surely the essence of freedom is to be allowed to say the idiotic things and then be attacked for it, but you have the right to stand behind what you say, what you think.

I would hope that the schools over the next few years would become enlightened enough to let the students experiment with newspapers freely. They shouldn't be telling them—in schools that I know about—that they shouldn't be writing about the war in Viet Nam—they can only write on school topics.

To me I think one of the most refreshing things about the students today is that they are not confined in their own minds to the little world of school but they are interested in the world outside them and so often when they try to discuss the world outside them they are not allowed to. In many cases they are not allowed to even discuss the most innocuous things in the school and if the kids are in the schools and they are attacking the school systems by saying this is wrong, they are not allowed to print this type of material. A kid in one of the high schools in Montreal this year—I read a report in the *Montreal Star* where he had been hitting the curriculum. Nobody stopped him from writing about this, but they wouldn't let him be editor of the student paper anymore and they wouldn't let him lead the student council. I guess he really got under their skins.

So much for exterior problems and exterior pressures in the press. I would like to talk now about the interior pressures which are within the press and within the press's ability I think to solve. They all come really under the heading of alienation of the public. It is my observation that large numbers of people in this country are suspicious of the press. Large numbers of people fear the press, and I think rightly, and there is a goodly number that really hate the press. It is ironic that this should be so because I think that probably most of the newspapers in Canada now are better than they have ever been before. What they are reaping is a legacy of distrust and they are also reaping the fact that the public are also a little bit ahead of them.

It is not the fact that they haven't improved but it is the fact that the public's taste and the public's suspicion has grown sharper. It is not that they are not fairer than they used to be—I think they are and they are more comprehensive—but they are not fair enough and they are not comprehensive enough and they are not good enough and what we are really talking about here is ethics and professional standards.

We hear a lot of talk about ethics in the newspapers and I have heard this talk all m



life as a newspaper man, but I have never seen a code of standards—really a code of ethics—there are codes of standards—the kind the medical profession or the legal profession and the other real professions have—exist for the newspaper business in this country. I can cover a lot of ground that has been covered here before about the need for professional associations and if you ask me about that, I will talk about it, but it has been said here already.

I have only three suggestions to make in this area. They deal with journalism schools, with the whole business of newspaper headlines, and with the newspaper Court of Appeal. I don't think the journalism schools are nearly tough enough on the newspapers and I don't think that the newspapers are nearly tough enough on the journalism schools.

I think in the journalism schools even today, and they have improved over the years, there is more emphasis on technique than there needs to be and not nearly enough on philosophy and ethics. I don't see in any of the journalism school calendars a course on ethics and I think the time has come where there ought to be a good one. I don't mean by that that ethics and philosophy are not discussed in the journalism courses; I know that they are because I have been in touch with some of the heads of the schools recently, but they have been discussed in passing on side issues within the context and framework of another course; but really if newspapers are going to change their image in the country, they really have to establish really strong ethics.

I think it is obvious that some of the things that are being discussed now at random in journalism schools are things that have to be codified—things like what actually do you mean by fair reporting? What do you mean by objectivity and can it be achieved or is there too much? What is a reporter's relationship to a subject? What are his duties and responsibilities to his readers as well as to his boss? What is a newspaper's responsibility to its readers as well as to its advertisers?

For instance, in the field of consumer goods a newspaper as far as I can see has very little responsibility to its readers—its responsibility is totally to its advertisers. There are whole editions of newspapers published on Saturdays and week-ends throughout the country which are almost useless and unreadable

because the only responsibility is to the advertiser. If you want a good example, I will give you the example of the travel section of the newspaper or what they call a better living section, whatever that means, which really are vehicles for ads for travel agencies and airlines and home appliance firms.

There isn't one line of critical comment in any of these sections and you would think from reading the travel section of any major newspaper that every place in the world is wonderful, that all hotels are great, that every airline is superefficient. I made a study of these and I couldn't find anything but labelled photographs and I couldn't find anything that would deter me from going anywhere.

Now, that's how the entertainment pages were when I began this business. Every movie was great, every movie was wonderful. The reason they were wonderful was all movie reviews were annexed to movie advertising and the newspapers thought that if you ran down a movie, the advertising would be withdrawn and it took a long time for them to discover that the one thing that the movie had to do was to advertise, and you can now in the major papers of this country—it is not true with some of the small ones—but in the major papers of this country you have what I would call honest movie reviews. That is to say, the opinion of a man who has gone to a lot of movies telling you what he thinks about the movie. I guess maybe the first to do this was Mr. Clyde Gilmour of the *Province* and *Sun*—he is now with the *Telegram* as a movie critic.

**The Chairman:** In some papers you never get a favourable review?

**Mr. Berton:** Yes, it is almost going the other way, you are right. If any of us in the business have any complaints, it is almost as if they were too critical, but I would rather have them that way than to have them be the way they were when I began, when poor old Roly Young was trying to write in code in the *Globe* so that those in the know could read what was underlined to see what he liked or what he really didn't like. That situation still exists in other sections of newspapers and I would think that this is an area which journalism schools could go into critically. I think the journalism schools ought to be pushing the newspapers very hard. They ought to be in the job of raising the standards and I think that the newspaper publishers on their part

should be pushing the journalism schools to raise their standards.

You know, for years large numbers of publishers in this country totally ignored the journalism schools. When I was on a newspaper everybody said, "Oh, of course, you know that the graduates of journalism schools aren't really any good, they can learn more here on a newspaper." That may or may not have been true, but I heard that remark made just two days ago by a prominent newspaper man. The fact of the matter is that they are the best things that we have and there aren't really very many of them.

If what we call a newspaper business is going to become a newspaper profession, its only hope is in the kind of comparable course that we see in medicine and in law and the other so-called and properly called professions. Journalists can be very destructive in this country—they have a lot of power and I had a lot myself when I was a journalist. It is very terrifying when you think about it and there are no professional brakes to apply. There is no way really outside of the courts of law unless you commit a libel, which is an extreme thing to have to do really, of curbing the press except the self-discipline which exists among some of the best journalists of the day.

Now, I would like to talk about headlines briefly. I think anybody who has been involved with being reported in the papers—and I am on both sides of this thing—I am interviewed and I interview. I see it in a rather circular way but anybody in public life knows that if he has any major quarrel with the paper, his quarrel is more often with the headline on the story than with the contents of the story itself. The reason is they have to get the whole story or try to get the whole story in about five words—that is a total impossibility. Nothing can be told in five words except the most extreme things.

There was a headline the other day in the *The Toronto Star*—the story which was fairly well-reported was about the Committee on the Toronto Board of Education who had recommended very strongly a quite ambitious and far-seeing program for seven schools in the city to provide extra-curricular activities for students between the hours of four and six whose mothers were working mothers. It was hailed at this particular Board of Education meeting as a great step forward.

The headline on the *Star* read, "Trustees want schools to baby-sit from four to six p.m." It was that phrase "baby-sit" that did not appear in the story that caused an uproar at subsequent meetings of the Board of Education and I am told by those who were there it was picked up by some of the members of the Board and used to prevent that program from going through and they reduced it to a pilot project in one school.

I don't want to hit the *Toronto Star* for this because I think it is one of the best papers in the country; but the fact that even it can be involved in this kind of dangerous short-hand—and that is what it is—suggests the difficulty of the headline system in newspapers. Headlines are getting shorter every year; I was measuring them over a century and major headlines contain only about a third the number of words that they contained one hundred years ago because in those days they used to run all the way down a column and they were smaller in size so you could get quite a bit into a headline—it is impossible now.

Now, what I am suggesting is that there can be newspapers without headlines. I would think that the journalism schools of this country, to start with, should be experimenting with a new kind of newspaper which is a compartmentalized newspaper and which could be totally attractive and in which the news comes under headings, but not headlines. I further suggest that some of the kind of excitement the headlines provide, but I think in some of the monopoly towns—toronto papers or the Montreal or Vancouver papers in monopoly towns—I don't think the papers can do it when they are locked in the kind of competition which seems to demand where you have no competition it would be possible to experiment with a more subdued kind of newspaper.

Thirdly, Mr. Chairman, I think the Senate Committee here could be well advised itself to turn out a sample copy of a newspaper with some professional advice to see what it would look like. Now, on first glance the newspaper man will say, now, that is impossible—the public are used to headlines, they like to read them and everything else—but I would like to point out to you that there are great many very successful publications that have done this.

The news magazines—*Time* and *Newsweek* and *U.S. News and World Report* really don't



have news headlines. They have titles; very short ones but they don't attempt to tell the story or they don't attempt to angle the story with two or three words. Nor do they have any front page any more. They have U.S. news and Canadian news and foreign news and news about people and sports and everything else—they have achieved the ultimate in compartmentalization, as far as I can see.

Finally, in this section on newspapers I want to talk about the general alienation of the public from the press and what I think might be done. I think more and more there is a need for the press to turn over more and more of its space to the people. We are seeing this happening in some major cities—the *Toronto Star* especially with its new "Voice of the People" section and the *Globe* with its expanded letters section, with its little regular feature called "Our Mistake"—the *Star* with its Bureau of Accuracy although it seems to have abandoned its Bureau of Accuracy—they had so many people 'phoning in to the Bureau of Accuracy that half of the reporters spent their time correcting their own stories.

**The Chairman:** I am not sure the *Globe* and *Mail* would describe "Our Mistake" as a regular feature!

**Mr. Berton:** It seems to be in there an awful lot, Senator, and I think one of the reasons is because it is a good idea. I would like to applaud the *Globe* for apparently running letters to the editor in full, or at least if they abridge them I think they include the three dots. A lot of papers you know take a letter of four pages, which is too long for a letter really, and knock it down to one paragraph without any indication whatsoever that it has been edited, and I think that is bad.

I think, however, you have to have more than that. I think newspapers really have to come to the conclusion that what is needed is a Court of Appeal established by the press. I don't think government can do this. I think some of the newspaper chains can do it because they can afford it and they have the newspapers to do it and also the facilities for it. It would be a Court of Appeal set up by the newspapers totally independent from them and simply paid for by them to protect the people's integrity as a kind of a system whereby people who feel they have been wronged by a newspaper story or by a newspaper can have a recourse.

Now, they may not have been wronged—in fact, quite often people who think they have been wronged by the press haven't been. For instance, if a man is later acquitted of that crime, I would think it would be incumbent upon a newspaper, if the charge appears on page three with a four column headline, that the acquittal ought to appear on the same page with the same size of headline or in a comparable position in the newspaper. Now, this cannot happen. Wild charges are flung about, statements are made which are accepted by the press at face value and put in quotes without any attempt sometimes to check on their accuracy. They are denied and proof is issued of that denial and if the correction appears, it appears quite often in the classified advertisement section, next to the comics sometimes.

This is one of the things I think a Court of Appeal might—with the press's co-operation look into from the point of view of the average citizen who has no other recourse except a 'phone call to the editor which isn't of very much use.

I have somewhat the same complaint to make in the area of television—and I am now moving into the broadcasting field—that there is no real Court of Appeal on television although there is in radio, oddly enough, in a sense. At least the open line shows, which I think are a very healthy manifestation of radio, give the average guy a voice, if he wants to use it to say what he thinks. There is not much of this on television.

Oddly enough I have a program on in Hamilton on Channel 11 at eleven fifteen which is followed by one of the few open lines programs on television and I think it is a good thing that the guy running the open line program is totally and diametrically opposed to me in every possible sense. I have never met him and don't particularly want to but there is a kind of balance there. If I go on and get on some guy who says a lot of things he doesn't agree with, at least in the next half hour the public is going to be able to 'phone in and say they don't agree with it. He doesn't always agree with my program, but I am delighted when he does, but it is that kind of a thing.

There is a need for much more Canadian content next year and I would like to suggest a program which can be produced cheaply which I think, if it is properly produced, can be one of the liveliest and most entertaining programs on the air and which I think would



have a high rating and be totally Canadian in content—a Voice of the People program. I don't see why a television program can't do this, just take their cameras, have a lot of seats, just leave the doors open and turn the cameras on. There would be a couple of guys running the cameras and there would be music in the background but the public would be there. Let the public walk in and say anything they like as long as it is not libelous or obscene and you may have to run your tape five minutes ahead to prevent that, but the open line shows have discovered that the general public is generally responsible. They don't say obscene and libelous things, but they do voice their opinions.

I think that would be a fascinating thing to see, people coming in and saying I hate your television station or you did this to me, or I am opposed to the White Paper, I like the White Paper or whatever they want to say. There has to be a lot more of this and I hope when cable comes in this would be the type of thing the cable can do. Cheap and lively and popular programming involving large numbers of people who never get on television and never have a chance to get on television. Just leave the door open—let them fight if they want in the studio—"that's show business" as they say.

**Senator Beaubien:** Trudeau and Chartrand!

**Mr. Berton:** Sure, anything. Public figures—let them walk in.

There is another area that bothers me in television and that is the area of tape editing. I don't know how many here in the public eye have had this experience, but the tendency now is to interview everybody at an enormous length on video tape—thanks to the magic of video tape as they call it—and then they get this huge piece of tape and they snip out you know, about that much (indicating) and that goes in the news. If you were asked a question or an opinion and you start out by saying "no" then you qualify it for fifteen minutes, all they will get is that "no".

I was on a program a while ago and I didn't see it—it was an hour program and during the hour we were discussing the Prime Minister and I got a rude letter the next day from somebody saying, "Not only were your remarks rude and uncalled for, but you persisted interrupting in a rude, overbearing boorish manner everybody else on the panel." I thought this was impossible. We talked for

an hour and everybody else had their say and I never interrupted anybody. I discovered that they had taken this item and chopped it to about six minutes and everybody was cut off in a half sentence apparently, except me, because as soon as they were cut off my face appeared, appearing to interrupt them. It is very dangerous really.

Great distortions can occur and have occurred and responsible editors in television understand that. There are many arguments for editing television tapes—it does help pace programming, it is livelier and the other argument is that the newspapers always edit whatever they do but television is a far more powerful medium than newspapers. People know that newspapers do this, but they cannot see that the tape is edited because electronically it has been so perfected that it doesn't look like you are being interrupted. You can't look on TV that half a statement is appearing regularly.

There have been some suggestions as to what might be done. One might be that just as commercials have to day now that it is a dramatized thing, not the real thing but dramatized, you might have to precede a program saying that the program has been edited and abridged. Another way is to leave the jump cuts in. A jump cut, for those of you who aren't familiar—here is what happens. You take a lot of tape but you take a lot of other shots of other people staring and in fact they have people sit down and point and do things so that they want to edit you—they don't want your face jumping because the shows that they have edited—they put another face in who appears to be listening to what you are saying—he is not listening at all, he is just pretending to listen to you, you see and that makes it very smooth.

Now, if they didn't put another face which might be the face of the interviewer or the face of someone in the audience, just chop the face out and let you appear again your head would be seen to move and the viewers would know that something had been left out, but at least there is a little more honesty there. It is perhaps less technically perfect, but I would opt for reality more than technical perfection.

A lot of it is unnecessary anyway in my opinion. A lot of it is sheer laziness and expensive. The most expensive thing in the world is to run tape and try to edit it. I am involved in a show that hasn't any money at

I am not even allowed to do it—it is just as well I don't, because some terrible things might happen. I have to do the editing in my head and decide exactly what I want to ask people because I know everything they are going to say but I can't afford to put a pair of scissors on that tape, even if I wanted to. I really don't want to. I think it is better if you let the people have their say. Tell them how much time they have and just let them go. The only solutions I have, gentlemen, in that area are the ones I have made, but I think it really is something that has to be considered carefully in the future.

Finally, in the area of broadcasting I really want to support the proposals of the CRTC which as you know is that programming should be sixty per cent Canadian content on television and even more important that the prime time or prime hours when most people are viewing, I think fifty per cent of that has to be—two hours out of four have to be Canadian and that on radio thirty per cent of the music played has to be Canadian in some way, even if it is only Lorne Greene who holds Canadian citizenship recording a new record on the set of Bonanza.

I do not buy the argument that this will result in a loss of quality. I don't think that the quality necessarily on television has anything to do with dollars. Some of the best programs on television happen to be the cheapest ones. Maybe a good example is the one I am connected with on the CBC "Front Page Challenge." It is the cheapest show the CBC produces regularly as far as I know and I am told (I must say this is hearsay because they never really tell us anything) but they told Gordon Sinclair and he claims that it is the only one that literally makes a profit and you can make a profit with a CBC program after they put all that overhead in, they must be producing cheaply.

I don't think all programs can be produced cheaply or should be produced cheaply. I think there are some programs that involve a large sum of money, but I think there is going to be plenty of money available under the new regulations to produce programs of excitement and quality with low budgets. I think people are going to have to use their brains and their imaginations instead of their pocketbooks in the future.

The lazier way is not always the most expensive way—it is just easier because you can have a lot of people working for you and

you send them out to try things and to do other things—but I think we are going to be able to do it. I think the broadcasters understand this and I applaud those who want to support it.

I want to go on in this area because the CRTC has finally got a philosophy in broadcasting and I think the thing that has been wrong in broadcasting in this country is that the philosophy we have had has been an American philosophy—not a Canadian philosophy—a philosophy that sees that broadcasting is an arm of the marketplace.

Now, I don't think that public broadcasting in this country should be concerned at any point with ratings or with revenue or with sales or with commercials. I think it is a scandal that the sales department of the CBC can now pre-empt any program on the air if they want to. They have the right to pre-empt the programs. Not the program department but the sales department is in control. Surely the purpose of public broadcasting in Canada is to strengthen national sentiment, to hold the country together. That's what it was started for—it's one in a long progression of rather awkward and expensive but necessary devices which go back to the days of the canals and the inter-colonial railroads and the CPR and it worked up to the telegraph lines and the pipe lines and the airlines and finally the radio and TV network.

It is kind of a marriage between the public and private sector to make the country workable. To create a national idiom, a national mythology to interpret Canada to Canadians; to tell us who we are, where we came from and where we are going. This is the job of the television network and the public sector, and we will not do that—we can't achieve that with a fifth re-run of I Love Lucy or its equivalent; nor even with the excellent U.S. public affairs programs, as necessary as those are. We have to sing our own songs and we have to create our own heroes, dream our own dreams or we won't have a country at all.

That is the basic reason why the government originally got into broadcasting—the reason it seems to me that everybody in the public sector at the top level have forgotten except the CRTC. Thank God they came along and thank God they are composed of tough and intelligent people with some experience in broadcasting because they are going to be the saviour—not only of broad-



casting in this country but they may be the most important people in the country today. If you haven't got a viable television network who tells you who you are, you have got no one. Now, I will be happy, Senator Davey, to answer any questions, if I can.

**The Chairman:** Well, I am sure you can and I want to thank you for offering. I think what we might do, Senators, is I ask questions about the comments which have been made by the witness and then perhaps following those questions, we can turn to other questions we have on topics which have not been raised.

Perhaps I could begin by asking one question that occurred to me as you were speaking. You said two things which I thought were perhaps in conflict and I wonder if you can explain them. You said that television is a more powerful medium than print and yet at the same time you said that you had more power when you were a journalist than you do now. You have a great deal of television exposure now and you have a great deal of radio exposure now.

**Mr. Berton:** I don't think I said I have more power now, but I had a lot of power as a journalist. I think television is more immediately powerful in that it is instant. You can't roll it back. I think a piece in a newspaper probably lasts longer and has more staying power, but from the point of view of immediate impact, as anybody who sells cigarettes or soap knows or anybody who is in the public eye knows, you cannot beat television. Every politician knows that!

**The Chairman:** Can we assume that you enjoy working more in the electronic media because that is where you are concentrated?

**Mr. Berton:** I enjoy writing books more than anything else.

**The Chairman:** More than anything else?

**Mr. Berton:** Yes. I am writing a book—I am just finishing one. You can't write a book all day because you have got to do other things, but the only thing you have complete control over is a book. In television you have no control over length. You are told it is half an hour, etc. I have a lot of control over my own television program, but there are things I don't control.

**Senator Smith:** Would this be a good time to know what subject or what title your book is going to deal with?

**Mr. Berton:** Yes, the book is about...

**The Chairman:** He thought you would never ask!

**Mr. Berton:** It's the first of two books on the building of the C.P.R. and the holding of this country together by a filament of steel that runs across Canada, which in its day was comparable to what the filament of microwave or the coaxial cable or the telephone wire is today.

**The Chairman:** In your opening comments you expressed some concern about the censorship of the press?

**Mr. Berton:** That's right.

**The Chairman:** I was wondering if you could tell us what elements are there in our society which are causing this attempt to happen?

**Mr. Berton:** It is the fear of the stranger, which is what is behind anti-Semitism and anti-Negroism and everything else. The stranger today is the kid. He looks like a stranger because he dresses strangely. He wears his hair in a different length and he wears his clothes differently, but he also acts differently. He has a different lifestyle. He is seen as an unknown and he is seen as a threat. His parents often don't understand him and certainly the older generation doesn't understand him and he doesn't understand them.

What people don't understand, they fear and they want to stamp out. There is no doubt in my mind that the most vicious kind of bigotry that goes on in this country today is the bigotry that is expressed largely by the adult population towards youth but sometimes it is reflected in youth attitudes toward the adult population.

**The Chairman:** Well, tied in with that youth attitude towards the adult population could we have your comments on both the quality and the content of the underground press which I am sure you probably read on more or less a regular basis?

**Mr. Berton:** I don't read it on a more or less regular basis, but I read it from time to time because my kids bring it home and I am sent copies of it. I think it is refreshing because it is different. I don't think difference for its own sake is enough, but in this country we have a pretty general attitude on the part of the establishment press.



One of the things that bothers me is that there is no daily newspaper that supports the third largest party in this country, the N.D.P. You would think that there would be one, but the nature in the world of commerce, I guess, is such either the party hasn't started one and no entrepreneur has wanted to.

**The Chairman:** You might be interested in knowing, Mr. Berton, that we put that question to a great many publishers specifically about the N.D.P. and many of them said some day they might.

**Mr. Berton:** It is very hard for a publisher. Once you become a publisher of status and you go to the club, you really don't think much along the lines of the N.D.P.

**The Chairman:** We, do you think that there is an establishment that controls the press in Canada?

**Mr. Berton:** I don't think it consciously controls the press, I just think it is because the establishment consists of people in the same economic bracket with the same outlook and ideas and about the same age and they all act and think about the same.

**The Chairman:** Are you part of the establishment?

**Mr. Berton:** I am part of the literary establishment. I am not part of the commercial establishment. I don't even want to be part of the literary establishment or the television establishment but I am. I have to face that.

**The Chairman:** You have given us two rather interesting new thoughts—this whole question of alienation and pressures and so on, and you have been practically the first witness who has brought up two rather interesting points. I think one is the fear of the stranger and the other was interested in was that the newspapers presently are reeping, to quote you "a legacy of distrust". That is a view-point we haven't had expressed. Does that go far enough, however, to explain the so-called credibility gap?

**Mr. Berton:** Well, the history of the press in this country—I know something about it, I have been reading for this book the press of a century ago, and the newspapers today look awfully good next to what they looked like, even when I began. A century ago they were shrill, inaccurate, totally biased and bigoted party sheets and in those days nobody really believed them—they were preaching to the

converted. The Grit press preached to the Grit and no Tory would be seen alive with a copy of the *Globe* in his pocket and vice versa.

What happened was that they began to put real news in with the opinion and separate the two but it has taken a long time to work out the confusion between what is news and what is opinion and in certain areas, the consumer area being one, they really haven't attempted to any degree to service their readers. They have only attempted to service their advertisers. I don't mean to say that advertisers bring much pressure on newspapers—they don't have to.

It seems to me also that generally the press has not been in the forefront of social change—maybe it can't be. It has taken up causes just about at the moment when they become popular with the general public. It is slightly ahead but I think it really ought to be farther ahead.

In the youth field for instance the press is still using the word "hippie" in many headlines to describe generically any kid who has long hair and dresses a certain way. Well, this is like using the words "hike" or "wop" or "nigger"...

**The Chairman:** Or "Tory"!

**Mr. Berton:** Or "Tory".

**The Chairman:** Or "Grit"!

**Mr. Berton:** Or "Grit", although "Grit" has a specific meaning, if you remember Mr. Mackenzie.

**The Chairman:** You think "hippie" is an offensive phrase, do you?

**Mr. Berton:** I think it is an inexact word to start with and I don't think anybody can define it. Secondly, when you call people like Charles Manson who is charged with engineering the brutal murder of Sharon Tate, a hippie, and when that word is applied to people that take drugs—how would you feel if your son simply because he has long hair is also called a hippie? I don't think it is the word that needs to be used except if somebody calls himself a hippie then I think you have to allow him to use that label.

**The Chairman:** You indicated that this legacy of distrust which newspapers are reaping is at least in part facilitated by the fact that public taste has grown sharper?

**Mr. Breton:** Yes.

**The Chairman:** More sophisticated?

**Mr. Berton:** I think so.

**The Chairman:** How do you rationalize that improvement in public taste with the fact that on television and radio the lowest common denominator programs are the most popular ones?

**Mr. Berton:** Well, it has yet to be proved to me that they are.

**The Chairman:** You don't think they are?

**Mr. Berton:** No. I think this is nonsense—I think the public is far ahead of people who run television programs. The public is looking ahead and the people who are running television programs are looking backwards. They are trying to repeat last year's successes and trying to think of next year's successes.

You know, I have been on television for a long time and I have been involved with a good many programs and I hope that I have never talked down to anybody or treated any of them as thirteen year old children. As a matter of fact I have been doing an interview program on television now for eight years and every year the program, I think, gets less and less frivolous and less and less superficial.

When we began we dealt mainly with show business people. I hardly have them on any more. I find the public appreciates this and is flattered by it and likes it. They are hungry for that kind of thing. They are hungry for people who will talk to them straight and not phoney—people who give them the clear story. Now, I find the public are smarter than most people think.

**The Chairman:** I have a couple more questions on your opening comments. You made reference to standards and ethics. You also said, as have many other witnesses, that there is no known code of ethics or standards for reporters for example. Is it possible to prepare such a code realistically?

**Mr. Berton:** Yes. I think it is possible to lay down certain guidelines and certain basic premises. I mentioned one. Basic premise number one: if you hit a guy on page one on Tuesday and it turns out you are wrong on Thursday, you ought to confess on Thursday on page one that you were wrong. I mean that seems to be a pretty clear ethical approach to take.

I think probably if we were to sit down and knock it around we would get some others. There are certain alleged codes which newspapers use—the code of “off-the-record”, more honoured in the breach than the observance by everybody. But really, if we start off by my saying, “I am going to interview you, Senator”, and you say, “All right”, and you start talking and then you say, “Well, what I say from now on until I stop saying it is off the record” and I nod in agreement—ethically I can't publish that fact. Now, the other day, I picked up a newspaper and to my absolute amazement I saw that exact quote in the newspaper. The guy is quoted as saying, “now, what I say from now on is off the record”, and the whole thing is reproduced.

You know, if we had a proper code of ethics anybody who wrote that would be out on his ear or suspended or the letter against his name in a journalism school would be taken away for a month or some kind of knuckle-rapping would go on. To see that after thirty years in journalism, to understand that a reporter wrote it, a desk man passed it and an editor allowed it to go in, tells me this whole thing is going out the window—this “off-the-record” business.

On the other hand if I go to interview you for an hour and at the end of it you say, “Incidentally Berton this is off the record,” I am going to laugh in your face. I am going to say, “Well, you know the rules and you should have said that at the beginning”. None of this is codified though because there are no terms that are written down.

**The Chairman:** Aren't there some reporters who won't talk to people off the record?

**Mr. Berton:** Yes, I was one of them.

**The Chairman:** You were one of them?

**Mr. Berton:** When a fellow said to me, “I am going to talk to you off the record”, I said, “Goodbye, I don't want to talk to you at all, because I am only here to get stuff on the record,” whereupon invariably they would say, come on back, we will put it on the record again.

**The Chairman:** Do you think it is realistic to think in terms of developing a code of ethics...

**Mr. Berton:** Yes. I think it is realistic to start thinking about it and I think it is realistic to start discussing it and trying to arrive at a solution.



**The Chairman:** A great many people have said to the Committee and you have repeated here today that—I don't mean to say that you repeated the exact comment, but the sentiment—give the public more access to the media. You said the *Globe and Mail* is now running longer letters to the editor. You talked about the *Star's* page seven which Peter Newman, I think, christened "participatory journalism". Talking about newspapers only for a moment, aside from letters to the editor, is there anything else that newspapers can do to facilitate that kind of involvement of people?

**Mr. Berton:** Well, I think there is another area which is called the area of understanding. You see, something very significant and interesting is happening in this country and I think probably is happening as a result of television which is the most involving of the media.

People get involved in television because they are not remote from people in television—they are in their living rooms. It is not a movie screen or a disembodied window off in the distance. It is not the cold print of a newspaper which has no life except in the words of the reporter. It is a guy sitting right there talking at you and the fact also that demonstrations can be seen on television. Television can be manipulated now by people who want to get their views across as God. Everybody is realizing that for the first time in history, masses of people at the grassroots level do have some muscle and some strength which they never had before because the media weren't there.

I am not sure that many of the newspapers have caught on to this fact and have understood that there is something going on which they are really only partially aware of.

I would except the Toronto papers because they are amongst the most alert papers on the continent; but in other parts of the country I don't think there is an understanding of the trends and the only way to get understanding of the trends is to have people on your staff who are alive and alert and intelligent and have had some training. You don't get it by hiring anybody that walks through the door or the lowest possible price which is really what I am talking about.

I am talking about a legacy of distrust. I mean for decades in this country the poorest paid job was a newspaper man's job and you

have just two kinds of people. You have people who are just dying to become newspaper people, and I was certainly one in my young days, or you have got people who need a job and who would take this job who were totally unqualified, never were qualified, who kept the job, drunk or sober, because they would work for peanuts.

**The Chairman:** I have a lot of other questions which are not perhaps based on remarks you covered, but I just have one other question based on the comments you made and that is your thought that the CBC should become non-commercial.

**Mr. Berton:** I didn't quite say that.

**The Chairman:** I am sorry.

**Mr. Berton:** I said that it should not be concerned...

**The Chairman:** Primarily?

**Mr. Berton:** I did not even say primarily. I said it should not be concerned with ratings or sales or commercials. I don't mean that it shouldn't accept commercials if there is no other way of raising money, but I mean it should be concerned with programs of quality of a kind that people cannot get elsewhere because they can't afford to give it to them on a commercial basis.

**The Chairman:** I was going to ask you about a comment the private broadcasters made when they were here a week ago Friday. They said that the commercials attracted audiences to a station and that the commercials made a contribution toward Canadian content.

**Mr. Berton:** Well, you know we haven't got many comedy programs in this country and we could use some of those guys on television.

**The Chairman:** Well, I think I am quoting them accurately and I think that is a fair statement that I made.

**Mr. Berton:** Commercials have some value and I will tell you what they are. I have five on my program and they are banked in three groups and next year because of the CRTC they will be banked in two groups. A commercial sometimes gives people breathing space. I think the negative thing to say about commercials,—and I guess once again I am biting the hands that feeds me—but from the point of view of a broadcaster, it is sometimes valuable in a program to have a break. I



think from the point of view of the audience it is valuable to have a break. I like a break in my program because sometimes I want to change the subject and get on to something else which I cannot do without a stop and I like to stop to give everybody a chance to breathe. I think the audience sometimes needs a chance to breathe.

They may not be watching the commercial—they may have gone to the *fridge* to open a can of beer, but as I understand it, commercial sponsors don't seem to mind that because their commercials are turned up so loud that even when people are in the *fridge*, they can hear a commercial because the first ten seconds stabs them.

From that point of view I would say that there is a certain value in breaking programs and if I had to do a show without commercials, I might have to invent some device to pace it. Some commercials are amusing the first time you see them. I don't think anything is amusing if you see it fifty times, and that is one of the terrible problems that the producer of commercials faces. He can produce the funniest commercial in the world, but if you see it fifty times next week or the same singing commercial or song, no matter how nice it is, you are going to get tired of it. However, I can't agree that commercials have much to do with Canadian content.

**The Chairman:** Well, I will use that as a device and turn to the other Senators. I would like for the moment to confine the questioning to the witness's comments and then we will go on to other matters. Mr. Fortier?

**Mr. Fortier:** Time for a breather! I think questions which flow from the remarks...

**The Chairman:** Yes, I think for the moment.

**Mr. Fortier:** Would you go so far as to suggest that the CBC network should strive for one hundred per cent Canadian content?

**Mr. Berton:** No, because there are many programs of excellence which cannot be brought into this country commercially which ought to be seen.

**Mr. Fortier:** That is one of the roles of the CBC?

**Mr. Berton:** I think that is one of the roles of the CBC. It might be the World Series, I don't know. It might be a British series like the "Forsyte Saga", or "Sesame Street", or it

might be "Sixty Minutes" or it might be Red Skelton, if anybody else is carrying it; I think probably that is less important to the CBC but the CBC has no business bringing in the fifth re-run of "I Love Lucy" to use the old cliché. They have no business at all bringing in bad shows.

**Mr. Fortier:** Does the CBC have business bidding against CTV for "Laugh-In", for example?

**Mr. Berton:** It does right now because the only way it can get any money is to do that. It is in the commercial business and I think it should be taken out of the commercial business. If you are given a yearly budget and if the budget isn't big enough—if your costs are going up the technical area as they are everywhere in the world, what happens is your program areas are squeezed down and down and down and you must go after extra revenue. The only way you can do it, when everything else is fixed, is by getting more commercial revenue and that is the squeeze the CBC has been put in. They are in such a squeeze now that they think as far as I can see in totally commercial terms.

But you are right in the long run. If "Laugh-In" is available and if everybody wants "Laugh-In" the last network to get it is the CBC because somebody else will provide "Laugh-In". The CBC should really be providing something that we can't get from somebody else. There are a lot of shows that I would like to see them bring in.

**Mr. Fortier:** This philosophy of broadcasting which the CRTC are implementing—as I was instructed to do by parliament—do you care to make a guess as to whether or not the private broadcasters will accept it and put it into force or maybe I should say economically, would they be able to accept it?

**Mr. Berton:** The private broadcasters will certainly, I think, oppose it in April. I think there may be some small areas in which changes will be made by the CRTC which has the great advantage of not being inflexible but I am quite convinced from what Mr. Juneau has said that it will come into effect the fifty per cent figure probably and the prime time figure and the private broadcasters, who also said they couldn't provide fifty five per cent ten years ago, will find a way of providing it.

In fact, I can tell you from my own experience that I have never seen so much wor-

going on in Toronto on pilot programs with Canadian content. I have been involved with three of them myself. You know, everybody is making a program now. In two months there is an electricity in the air in the entertainment and public affairs world of this country. All the studios are turning out some very imaginative and quite inexpensive programs, the very thing the private broadcasters say can't be done. Of course it can be done and will be done.

**Mr. Fortier:** We have heard it said many times before this Committee that the goal is a very legitimate one and very valid one, but it is not through the CRTC that it should be attained. In other words the viewers should not have Canadian content forced down their throats; that they should somehow reach the point where they will stand up and scream for it and then the broadcasters will give it to them. Would you care to comment on that?

**Mr. Berton:** Well, it would never happen if it was done that way.

**Mr. Fortier:** You don't think the average Canadian viewer would scream for Canadian content?

**Mr. Berton:** The average Canadian viewer will scream for entertaining programs that he wants to watch. He doesn't know what those programs are going to be next year because he is not in the programming business. He knows the kind he liked last year. Now, the fact is that last year he got very few Canadian programs of any kind but if you give him a good Canadian program like "Front Page Challenge" or another very inexpensive program, which I was once involved with and no longer am, called "Under Attack" he will watch it.

Every yardstick that they use suggests that there are lots of Canadian programs that people will watch. The only reason that there aren't any more of them is because it has been cheaper and simpler and takes less energy to purchase something from the States that is proven.

I think the CRTC have to provide now a climate whereby Canadians in the broadcasting industry have a chance to show what they can do. Now, if after a ten year period they show that we are lousy broadcasters, that we can't do it, then I think you would have a pretty good argument to say that it ought to start bringing in programs from the rest of

the world. I, for one, am totally convinced that it can be done and it will be done.

**The Chairman:** Senator McElman?

**Senator McElman:** Mr. Berton, there is an area that you have touched on to a degree and I would like to get a little deeper into it. A number of witnesses of late have talked about the potential power of the mass media with emphasis to television. The power of deciding what will become an issue simply by coverage or non-coverage—it is an issue or a non-issue with the public. With the ferment in North America today do you feel that the mass media of North America have played an appropriate part in warning society of the things that are obviously developing or did they prevent some of these things from becoming issues by non-attention or non-treatment? What is the role; what is the responsibility?

**Mr. Berton:** I think you have to be more specific, Senator, by saying what issues you mean.

**Senator McElman:** Well, the problems of the blacks, the ghettos—not only of the blacks—the poverty and so on. The things that are now all to the fore—you said the media come in at the point where society itself...

**Mr. Berton:** Is ready to accept it. I think what happens—I think there is a progression and I once likened it to a parade. At the very front of the parade you have people who are called nuts and screwballs and some of them wear funny clothes and in fact usually wear funny clothes—people like Bertrand Russell. If you want to just leave it to the media, then you have some very small queer publications, which don't have to worry about mass audience, advocating all sorts of things that seem to be goofy or nutty—they might have begun fifteen years ago to advocate that there should be steps taken to stop pollution. As you know, this was considered way up in the sky. Behind that you get some of the more serious publications—Harper's the *Atlantic* and then after that you get the mass magazines like *Life* and the mass newspapers. Then it becomes an issue on which everybody agrees.

I don't see any way of mass publications getting ahead too often because I suppose the very definition of a mass publication is a publication that appeals to large numbers of people. Pollution is a very in subject this year



with the mass publications and has become a popular cause. I can tell you ten or fifteen years ago pollution was the very least popular cause. The same is true of poverty; the same is true of the racial issue.

I think I would agree with the implication of what you are saying, that newspapers are reluctant to involve themselves to any great degree with causes until just before they become popular. There are a lot of unpopular causes today which you don't see being spread in the newspapers.

Perhaps the best example of an unpopular cause which is now just beginning to change is the whole problem of the legalization of marijuana. Now, I remember that in 1962, I wanted to do a program in which we would debate the problem of the legalization of marijuana and it was suggested to me by my then producer that this was an irresponsible thing to do. Since that time, as you know, that debate has become a public debate. I don't want to take sides here on that debate, but the very fact that you couldn't even debate it really on a popular program eight years ago and you can now, shows what has happened. But certainly until the last two years, there is not a newspaper in this country that would have jumped in and advocated even that we put marijuana under some different kind of controls—under the Food and Drug Act instead of the Criminal Code. Now, a good many, including the *Globe and Mail* have suggested that. I don't think generally speaking the press of this country has indulged in causes when they are unpopular.

**Senator McElman:** Do you think there is hope that they will? Do you think there is an involvement now?

**Mr. Berton:** I don't see it. I think that the underground press is going to carry on with many unpopular causes, some of which are justly unpopular and some of which may become popular.

**Senator McElman:** Leaving the print, is there hope that television will do this chore? Public television?

**Mr. Berton:** Television is more diversified than the press. There isn't a single boss. You see, if you work for a newspaper, sooner or later the guy upstairs can stick out a finger and say, "Out". Now, in television—for instance, take my program—I really haven't got a boss. I am my own boss. The program is sold separately to dozens of stations and they

decide whether or not they want to buy it and they in turn sell pieces of that commercial time which a total of five minutes to a variety of sponsors. So (a) they haven't got a sponsor and (b) I haven't got a television boss, except an American company called Screen Gems which is only interested in that it gives them some profit. That is the only thing really that they are interested in, so there is nobody really except the producer—and I am fifty per cent of the production staff myself.

Nobody really says you can't do this—except the lawyer, if am libelous; then I have to apologize and cut it out. So in television it is more diversified and this is the same with radio as well.

In the newspaper business it is much harder. I never had much trouble myself in the newspaper business, but then I arrived as a daily column because they wanted me more than I wanted them, but most reporters don't have that luxury.

I think probably there will be certain programs on television,—especially in this country much more so than the States, where they are all actually very frightened—which will take stands that are ahead of the popular taste or popular feeling and belief.

**The Chairman:** Do other Senators have questions on the comments that were made? Mr. Fortier.

**Mr. Fortier:** In your initial remarks, you spoke of the press being threatened and you first referred to exterior pressures. Under that heading you spoke of attempts at censorship and gave an example as to what has happened at too many underground newspapers in Canada. You also emphasized the *Logos* situation in Montreal. I, like you, am aware of *Judge Touranzeaus'* extraordinary judgment, but on the question as to whether or not *Logos* was a newspaper, you accept the fact it was. Is there any publication which resembles a newspaper which in your opinion would not be a newspaper?

**Mr. Berton:** I think we ought to be very careful...

**Mr. Fortier:** I am not asking you for a definition.

**Mr. Berton:** I think we have to be very careful in trying to make a definition. Even if it wasn't a newspaper and was a periodical, would say that it ought to have the right part of the press, you see. We can ban



these words—"newspapers" or "magazines" or "brochures" or "books" or "pamphlets", if you want, but damn it all, I think everybody in this country even if they want to produce a pamphlet—if I want to produce a pamphlet—and this was done one hundred years ago by everybody because that is how everybody got their views expressed, but if I want to put out a thousand pamphlets and sell them on the street, I think in a democracy I should be able to as long as I am not obstructing traffic or punching people in the nose or shouting obscenities or breaking the law.

I think it ought to be within the law for me to hold up a thing called Pierre Berton's pamphlet or Pierre Berton's leaflet or anything I would like to call it—print on a piece of paper something that says something and I think I ought to have the right to sell it.

**The Chairman:** Senator Sparrow?

**Senator Sparrow:** Along the same line. Wouldn't anybody, therefore, be entitled to sell anything on the streets—why just sell newspapers?

**Mr. Berton:** I don't think that is quite true at all because we have a concept of democracy which allows the freedom of the press. This is not written down because we don't have that kind of a Bill of Rights, but I think you know the published word is quite a little different from toothpaste. I don't think anybody has the inherent right to go out and sell toothpaste or shoe laces on the streets. However, I think they have a right to publish their opinions and sell them or distribute them free, if they want to. I think you get the essence of the kind of consensus of democracy.

**The Chairman:** Mr. Fortier?

**Mr. Fortier:** And you are suggesting that within the laws of libel and slander, anyone can publish anything?

**Mr. Berton:** Yes. Well, there is another law about hate literature now to which I think we ought to pay attention, although I happen to oppose it; but it is on the books and if it is on the books, I think we ought to abide by it.

**Mr. Fortier:** Right. Supposing a publication on numerous occasions is charged with having committed libel and indeed found guilty. Do you think there comes a point where the law and the courts of the land could be empowered to say to *Logos* or the *Corgia Straight*—"this is ten times in the

last ten months that you have been charged with having committed libel and you have been found guilty, now out you go" or do you say, "if these gentlemen are prepared to pay the price to be fined or to be jailed, they should be able to publish libelous statements"?

**Mr. Berton:** We have in this country the Habitual Criminals Act, with which I disagree because I think it is probably an offensive act, but if a fellow is a habitual criminal and he burglarizes a safe eight times and the Judge says, "well, you are a habitual criminal and should be put away or if you are out, you are out on probation," and I wonder—suppose for instance the *Globe and Mail* got ten libel suits which it might easily do...

**Mr. Fortier:** There wouldn't be any distinction.

**Mr. Berton:** I think the *Globe and Mail* would and I think the public would say, "no, this is harassment". Everything has to stand—I mean, the second libel suit might be a tougher fine and there are jail sentences for criminal libel so the editor mightn't be able to publish a paper, but if he gets nominal fines and goes back on the street again, I think you have to judge him on what he does and what he did. I think that is the basic principle of the law.

**Mr. Fortier:** So that as slanderous or libelous as the publication may have been in the past, you don't believe it is for the courts of Canada to prohibit future publications by that publisher?

**Mr. Berton:** No. I think, with respect, Senator, you are dealing with something that just mechanically could not happen. I don't believe there is any historical evidence or contemporary evidence that this is possible because libel cases are among the most expensive in the world to indulge in no matter what side you are on and any publication involved in a continual series of libel actions would be totally broke. That is the purpose of the law of libel—the law of libel contains in itself the solution to the problem you suggest.

**The Chairman:** I should perhaps explain that Mr. Fortier is not a Senator. He is our legal counsel.

**Mr. Berton:** I am sorry.

**The Chairman:** You really should apologize for another reason and perhaps I should

apologize for not telling you, but you earlier referred to "gentlemen." We have two female Senators—Senator Quart and Senator Kinnear. I am sure you apologize to them as well.

**Mr. Berton:** Certainly.

**Senator McElman:** He doesn't even look like a Senator does he!

**The Chairman:** You had a question, Mr. Spears?

**Mr. Spears:** Yes; I am not a Senator either, Mr. Berton.

**The Chairman:** Mr. Berton knows that!

**Mr. Berton:** I thought they just made you one.

**Mr. Spears:** No. One of the very basic things Mr. Berton has been talking about which interests me particularly is some method of establishing standards, the establishment of some code of ethics and professionalism. Would you go so far, Mr. Berton, as to advocate a licence for journalists?

**Mr. Berton:** No. I think this has got to be within the profession itself. I think that a daily newspaper—one of substance—can say to its readers—you can put a stamp on the newspaper like a union stamp or the code stamp like the Good Housekeeping seal of approval and that is all you can do. I don't think that the public sector, or the government can insist upon this. I think that there would be many publications including the underground press who would not adhere to this, and would have to pay penalties, whatever they are, for that.

**Mr. Spears:** Well, in this sense then your concept of professionalism doesn't go as far as what we call the established professions?

**Mr. Berton:** No, I don't think it can because of what I think is more important, which is our concept of freely expressed opinion. I am really talking here of daily newspapers and perhaps weekly publications. I am really talking about our daily newspapers because they are the ones that pack the clout. They are not the gnats butting on the fringe of society. They are society. I think it has to be established by newspapers themselves in concert with the Canadian Daily Newspapers Association or the large chains. They wouldn't have to join if they didn't want to and perhaps some of them wouldn't.

**Mr. Spears:** Do you really mean the CDNPA?

**Mr. Berton:** Not really.

**The Chairman:** Senator Kinnear, I believe had a question?

**Senator Kinnear:** Thank you, Mr. Chairman. I was interested when you said they have a code in the news in some of the columns. I would love to know if they are doing it yet—you said it was in Roly Young's column and you could find out really what he meant. Are they still doing that?

**Mr. Berton:** No.

**Senator Kinnear:** You know, like emotion on television when you are signalling for something and so on?

**Mr. Berton:** No, I think this is an informal thing. Herb Whittaker in the Globe—I sometimes feel I have to translate him to find out whether he likes or dislikes anything, but that is not true of some of his contemporaries.

**The Chairman:** Mr. Berton, what I am proposing to do if you have the time...

**Mr. Berton:** I have lots of time.

**The Chairman:** Well, if you have lots of time, I think what we will do, Senators, is this. There is Royal Assent at five o'clock so we must adjourn then, but I think, we will take a short adjournment now and give our reporter a break for ten minutes. We will re-convene at four o'clock and we will go through to about 4.55 just prior to the Royal Assent when we must adjourn. If that is all right with you?

**Mr. Berton:** That is fine with me.

**The Chairman:** Okay. Thank you, we will adjourn for ten minutes.

## SHORT ADJOURNMENT

**The Chairman:** May I call the session back to order. We said we might turn to a discussion of some matters which were't raised in the comments you made earlier. From 194 through 1958, you were with MacLean's?

**Mr. Berton:** Yes.

**The Chairman:** You are perhaps aware of the kind of question I am going to ask you. I have said this publicly before so it won't be



any great surprise to the people here, but one of the great surprises I have had in this Committee is the attitude of the Canadian magazine industry. We have asked them, whether the exemption which *Time* and *Reader's Digest* presently enjoy, should be withdrawn as was recommended in the O'Leary report. To the astonishment of the Committee—I think it is a fair statement—the Canadian magazine industry collectively and individually said no, if that happened, the Canadian magazine industry would disappear. You know a great deal about the Canadian magazine industry so could you comment generally on that?

**Mr. Berton:** Well, it startled me because when I was at *Maclean's*, the Maclean-Hunter company was perhaps in the forefront of the move to get some kind of protection against the dumping of editorial copy into Canada. *Reader's Digest* and *Time*, I was told at the time, had taken a million dollars out of the advertising kitty from magazines. That, together with the impact of television, which hit at almost the same time, hurt the magazine industry in this country very badly and as was predicted at the time several went under and that process is still continuing. Now, as I understand it—and I am not sure I understand it, but I think I understand it—what we are saying now is that they need the money that *Reader's Digest* and *Time* contribute into the pool which allows them to take the expensive surveys which they use to convince advertisers where they should advertise.

**The Chairman:** I think in fairness...

**Mr. Berton:** Am I wrong there?

**The Chairman:** That is not my understanding, you may be right. My understanding is that their position is that without *Time* and *Reader's Digest* the advertising agencies would not develop budgets for magazines advertising and the medium would disappear.

**Mr. Berton:** Well, there is some validity in this. It is ironic you see. In the old days there were enough Canadian magazines so it made sense to produce a very expensive advertisement because you could publish it in half a dozen publications and get your production costs back. The entry of *Time* and *Reader's Digest* into the field helped kill so many magazines that the pool could be only maintained by the inclusion of the murderers.

**The Chairman:** So you think now their position is probably...

**Mr. Berton:** I guess so. As you know I haven't been involved with magazines for many years.

**The Chairman:** Last evening our witness was Mr. Ben Bagdikian who has some international reputation in the media field. He was a contributing editor to the *Saturday Evening Post* and he is now the national editor of the *Washington Post* and he expressed the opinion that the consumer magazine industry, as we know it, would disappear in five years.

**Mr. Berton:** I think he is right. I think the day of the mass magazine is over because the day of the mass is over. There are now several masses. There are large numbers of people and they are diverse kinds of people. This is much more so than they were years ago.

We always used to say that the secret was that *Playboy* found one kind of mass, *True* magazine found another kind of mass, *Esquire* and *The New Yorker* found a third kind of mass, and these are the kind of magazines that are flourishing because the magazine that tried to be all things to all people, just didn't work out.

Now *Maclean's* was a mass magazine in one sense, but was a specialty magazine in another. Just as *Playboy* appealed to the young wealthy swinger and just as *True* appealed to the masculine oriented middle-class male, so *Maclean's* total effort was spent on the Canadian. To that extent it was a specialty magazine and specialized only in the Canadian point of view. I think if it continued to do that, it might be in better shape than it is, but I notice too many articles about Australia and other places in that magazine.

**The Chairman:** When the people from *Maclean's* were here—I think Peter Gzowski in particular—they themselves made the point about magazine specialization and when we asked them what their specialty was, they said it was Canada. I would suggest, judging by their statements, that they would argue that Canada has always been their field of specialty.

**Mr. Berton:** It was tempered sometimes for commercial reasons in my opinion. I speak only as a reader with some knowledge as to why articles get published. I notice a lot of travel material in that magazine and it is still in there. It has nothing to do with Canada, it



isn't even good travel material and I think it is there to just get travel ads.

That could never have happened in the nineteen fifties—if they had sold a single article on the basis of travel ads, the article would have been pulled. I can remember that the most successful issue we ever put out (I was Managing Editor and Ralph Allen was Editor) was an issue on the North called "Maclean's Reports on the North." At a planning meeting of the company Ralph Allen was asked what issue the Northern issue would be, and Allen said, "what do you want to know for?" The guy answered, "because we are going to sell ads for that issue to Northern people" and Ralph Allen said, "if you do that, we will scrap the entire issue. Until that time I will not tell you what issue it is and if I hear that you have sold an ad on the strength of the cover or an article or anything else in *Maclean's* which would make the people suspect that the editorial material is simply used as fillers for the advertisers—that day we will go out of business."

**The Chairman:** Well, that I think quite naturally leads to the next question I want to ask you about. We have had a great many publishers and others before us and one of the things we have been most interested in finding out about are specific examples of advertising and other pressures; and I am frank to say that they have been very hard to come by because when you get right down to the fine lettering and ask a person to be specific, most people either can't be or else refuse to be. Now, have you in your experience—because you have been around the Horn in this business—could you offer us any examples of specific editorial pressures either on behalf of advertisers or on behalf of any other vested interest—pressures to which you have been asked to submit?

**Mr. Berton:** I have never been asked to submit to any pressure because it has been generally known either explicitly or implicitly, that if I was asked I would leave. I have always had fortunately another job I could go to or something else I could do—I don't like pressures. The most famous case involving me is the one I don't have to repeat because it is very well known. I wrote a piece in *Maclean's* called, "Let's Stop Hoaxing the Kids About Sex"—there was so much pressure on the front office of Maclean-Hunter that I was out. I wrote two more columns which allowed pressure to build up...

**The Chairman:** We have some news stories on that particular event.

**Mr. Berton:** So do I.

**The Chairman:** We have the C.P. dispatch at the time—was it fairly accurate?

**Mr. Berton:** Possibly, I haven't read it. I couldn't remember and part of this I really don't know, you see. I wasn't really consulted.

**The Chairman:** The article Mr. Berton is reading is headed "Maclean's Magazine Drops Pierre Berton".

**Mr. Berton:** Yes. You see, I was not fired by the editor, Ken Lefolli. I was fired by the top brass of the Maclean-Hunter company, but they didn't communicate with me. They communicated with the editor who communicated with me; so I never got a letter saying why I was fired and I really wasn't told much on the telephone. I had no face-to-face meeting with anybody—it was all done on the 'phone—I was out of town for most of the time anyway as I was very busy. He told me that he couldn't withstand the pressure; that what had caused it was my article which he along with a lot of the other editors and the publisher had accepted and there was no way in which I could come back.

I do remember saying, "Well, look, I would like to give you one for free"—at this point I had written my next one and I said, "You can have it for nothing because it deals with this particular article and, therefore, will continue a stimulating controversy—it deals with the reaction to it." I said "I haven't much to say in the article but I thought I would publish the letters I had received" and I said "I know that I am off the staff but you can have this one for nothing", and he said, "My orders are that you cannot write anything. They want you out and they want you out now and they don't want your name in the magazine." This was about two years before they came back pleading with me to write other articles for them.

**The Chairman:** Do you write for *Maclean's* now?

**Mr. Berton:** I have, yes. There is a piece by me in the current issue of *Maclean's*. I have no grudges against *Maclean's* or anything.

**The Chairman:** This is a fairly well-known incident, but in your other experiences in working with the media—are there other experiences that you can tell us about?

**Mr. Berton:** Let me preface what I have to say by saying this: that the reasons you haven't got specific cases of advertisers causing pressure is because it doesn't work that way. Advertisers don't generally walk into the editor and say, I want this story dropped or this story killed or this man fired, but there is in most publications a kind of implicit understanding on the part of everybody which is never written down about how far you can go and how far you can't go.

Nobody ever writes this up in a code or puts it on a bulletin board or even talks to a reporter, but reporters are very intelligent people. They read the editorial page of the newspaper and they read the front page and they are also, most of them, ambitious. They want to get ahead, they want to be called a first-class reporter with five years' service, they want to be promoted and they want to get more money and the way you do that is by writing the kind of story that will be featured in the paper and not the kind that will be buried. The kind of story that will get you a by-line on the front page and not the kind of story that will be hacked to ribbons and put in the back. By a process of osmosis everybody knows what kind of story gets featured and what kind of story doesn't and this is how the newspapers are slanted, when they are.

It is usually done, at least on the better papers, semi-subconsciously by people who don't even know they are doing it. They would be horrified if they thought that there was any kind of editorial control. Now, at the *Toronto Daily Star* I wrote a column once which dealt with Eaton's. It was a column in which I said the T. Eaton Company, which controlled the centre of Toronto, was at least partially to blame for the fact that that centre hadn't been developed because they had done nothing. I don't know if I was that blunt but I wrote the column.

Now, I wasn't told not to publish the column; in fact I did publish the column, but was asked by the editor to make sure that I had my facts correct and to double check it with everybody. There is nothing wrong with that except it was only in the case of the T. Eaton Company, the largest advertiser in the paper, that I was ever asked to be that careful. The only time I was ever asked to check everything twice and three times was that incident. I wouldn't call that a pressure but I would call it special attention.

**The Chairman:** Did the column appear?

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**Mr. Berton:** The column appeared.

**The Chairman:** Unchanged?

**Mr. Berton:** Well, the deal was that my columns appeared unchanged or they couldn't appear at all. Yes, it appeared unchanged.

**The Chairman:** Speaking of your column, am I correct in recalling that very frequently in your columns, you would turn to humor or satire?

**Mr. Berton:** That's right.

**The Chairman:** Didn't you find it necessary after a while, as I recall, to put at the bottom of the column...

**Mr. Berton:** Please don't believe this?

**The Chairman:** Is that true?

**Mr. Berton:** I did it once, partly as a gag and partly because I once wrote a column in which I opposed capital punishment and my point about capital punishment was that if it was a deterrent, they were hanging people in front of very small audiences at odd hours of the day, that what they ought to do was pre-empt the Ed Sullivan Show and hang a guy on television. I did this parable as "the hanging of Roger Casement" and there were two calls that came into the *Toronto Star*. The first call said that the story had been very remiss not publishing this fact in advance so that they could watch the show on television and the other call came in saying this was the kind of thing that the CBC was doing and they agreed that the CBC ought to have been abolished. After that I started putting stuff at the bottom of my columns saying that this was a parable—a fable.

**The Chairman:** One of the matters that has interested our Committee most and I am sure you know this because I am sure you have followed the Committee...

**Mr. Berton:** Yes.

**The Chairman:** ... is the trend towards the concentration of ownership in all the media. Could you give us the benefit of any views you might have in this area?

**Mr. Berton:** I think it is a very dangerous trend indeed. I don't think it is necessary. I don't think it is healthy for the business, I don't think it is healthy for the country. I have been in these towns and seen what has happened sometimes when the media was diverse and expressed different points of view



and was in competition and then fell into single hands.

I worked in Vancouver in the hey-day of Vancouver journalism when the newspapers were very alert. I won't say they were the best newspapers in the world, but certainly a great many journalists of stature came out of that period. In my opinion both the *Vancouver Sun* and the *Vancouver Province* became palid newspapers as a result of being owned by the same company because they simply—although they would deny this vigorously—didn't spend as much money in competition because they didn't have to. Worse still, I think, it's very tough on a reporter if he gets fired from a newspaper say on a point of principle—not because of incompetence—but reporters are fired because they take stands and they have nowhere else to go. Now, if one chap owns everything in one town that reporter can't get a job anywhere. I can't quote you specifically examples from memory, but I know many cases where this has happened and they were towns like London, Ontario, which would be one of them, and some in the Maritimes under the Irving banner where you know too many outlets for the media, radio and television and the press are controlled by one corporate group or one person.

I have heard the argument made and my colleague, Charles Lynch, made it here for this committee, that a newspaper chain is healthy because it allows them to pool some of their resources and to get better people to write syndicated material, but I don't think that argument holds much water because some of the best syndicated columnists, and certainly Charles is one, but some other very good syndicated columnists have come up from one newspaper—Peter Newman of the *Toronto Star*, Douglas Fisher of the *Telegram*—and the fact is that the pool exists without the change. You can hire and buy any columnist you want on a syndicated basis pretty well and thereby split the cost of the coverage. I really think it is very dangerous what is happening and I am glad to see that there are some attempts being made to stop it. I don't think a newspaper publisher should own anything but that newspaper really. I think the more people you have owning the organs of the media, whether it is radio or television or newspapers, the better.

**The Chairman:** Mr. Fortier?

**Mr. Fortier:** I don't really have a supplementary, Mr. Chairman.

**The Chairman:** Senator Smith?

**Senator Smith:** Just on that point. I was just wondering, Mr. Chairman, whether Mr. Berton has any ideas as to what could be done to stop this trend toward the grouping of ownership in large circles of control. What could you do?

**Mr. Berton:** Form anti-trust legislation. It is done in the States—they break up G.M. and Dupont and if they can break up Dupont and G.M. in the States, they could probably do the same thing here.

**The Chairman:** It is done in the States, but newspapers are specifically exempt in the States under legislation passed this session.

**Mr. Berton:** Because somebody has raised...

**The Chairman:** The American Daily Newspapers Association has very successfully raised that point.

**Senator Smith:** We were told for example, Mr. Chairman, on quite a few occasions since we have been having our hearings that due to the horrible estate laws which we have and for other economic reasons it is going to be impossible to continue the family ownership of individual newspapers and there is nothing that can stop this trend that would be an economic way of handling it. You punish someone who owns a family newspaper if he can't sell it to somebody who has got the dough.

**The Chairman:** Well, I think the witness has answered.

**Senator Smith:** Well, I thought he might add something to this discussion.

**The Chairman:** You think anti-trust legislation could be enacted?

**Mr. Berton:** Yes.

**Senator Smith:** Yes, I realize he has answered.

**Mr. Berton:** Well, it is not a question that have spent much time considering.

**The Chairman:** Mr. Fortier?

**Mr. Fortier:** Mr. Berton, what are your views on the disclosure of sources of information by a journalist when required by law?



enforcing agencies on the one hand or a court of law on the other?

**Mr. Berton:** Well, I don't think that a journalist's sources should be sacrosanct. I don't think he should have the same privilege as a priest. I think it is the journalist's responsibility to check his sources and to take the consequences. I think when a journalist gets material from any source he has to consider what the consequences of that material are going to be to him and to his publication. If he makes an agreement to get material from a source and he promises that source he will not reveal them, then he has to go to jail. He has to go to jail if he is going to publish the material and I don't see any other way out for that.

I mean he is going to have to take the consequences of the law. I don't think he can break his promise to his source but I don't think he should get any special protection by reason of being a journalist especially in view of what I said earlier today about there being no ethical standards anyway. I don't think the journalist qualifies. A doctor qualifies and a lawyer qualifies but I don't think a journalist can.

**Mr. Fortier:** He shouldn't ask the state for special treatment in other words?

**Mr. Berton:** No.

**Mr. Fortier:** You have spoken of the power of the journalist and you have spoken of schools of journalism and codes of ethics. What are the essential qualities of a good journalist in 1970 in Canada?

**Mr. Berton:** Curiosity is the main qualification of a journalist to start with. It is not enough. Education, a very broad mind, a sense of humor and a sense of responsibility and a knowledge of how to be accurate. The last perhaps is the most difficult thing in the world. You know, to this very day my name gets spelled wrong in the newspapers for which I used to work.

**The Chairman:** Which group was it, Mr. Berton, that came before us?

**Mr. Spears:** The Professional Journalists.

**The Chairman:** The Professional Journalists came before us—there was a group of four of them and two of the four, their names were spelled incorrectly.

**Mr. Berton:** I find that large numbers of people, and I would have included myself years ago, perhaps even today, really don't know how to check material accurately. They listen to hearsay, they listen to other people and they think a fact is a fact because somebody says it. They take far too much for granted. One of the reasons is because of the desire of most publications even today when there is no such thing as a scoop to rush news into print—to get it first rather than to get it right. I really think that a change of philosophy is needed in the press and some people have this; it is to understand that it is better to get it later and get it all rather than to get it suddenly and get part of it.

I learned this writing a daily column. I never really cared about anybody beating me to the gun on something. I figured I could do it better than they could anyway, being arrogant about it and I used to hold stories for months sometimes just to get it all. When you used to go off to get something right, you used to get it better as well. You could always find out something more.

**Mr. Fortier:** Do you read many newspapers on any given day?

**Mr. Berton:** I read the three Toronto papers every day of the week, yes. They are the only ones I read regularly.

**Mr. Fortier:** Would it be fair to ask you which in your mind is the best paper in Toronto?

**Mr. Berton:** I think the best all round paper is the *Daily Star*. I think the best editorial page is the *Globe and Mail*. I think it is by far the most literate—I don't always agree with it, but I think it is the most literate.

**The Chairman:** Do you ever agree with it?

**Mr. Berton:** Yes. These days the *Globe* is taking on an almost heretical change—since the days of George McCullagh there has been an enormous change in the *Globe*.

**Mr. Fortier:** Do you think much of this change has been due to the fact that it belongs to a group today?

**Mr. Berton:** I think the editorial page is always the reflection of one man—the editor. I think a good newspaper is the reflection of one man. I don't think newspapers can be edited by committees or groups or upon the basis of how much money they make or what the balance sheet was in 1969. I think the

great papers of this world from the *Calgary Eye Opener* to the *Winnipeg Free Press* under John Dafoe have been the extension of one person's personality. The stamp of that man, his integrity, his outlook and everything else. I don't think it is going to change. I think this is one of the things that is wrong with group journalism, that electric feeling that you have a unique product in your hand—that it is the product of a person's personality is going. The *Toronto Telegram* is the product of John Bassett whether you like it or not. It is a unique publication because Bassett is stamped all over it.

**Senator Smith:** He says so himself.

**Mr. Berton:** Yes, he does. He is very frank about it and I admire him for it. I wish there were more John Bassetts.

**Mr. Fortier:** It is interesting to note though that in your opinion the *Globe and Mail* editorial page has become a better editorial...

**Mr. Berton:** Well, with respect, I think that happened really as a result of the demise of Oakley Dalgleish and the arrival of Jimmy Cooper and his present editor under him. I don't think that had anything to do with the group and also the fact that it is the one newspaper which until recently the F.P. people have kept their hands off policy on it—they have not changed the *Globe and Mail*.

**The Chairman:** It is not our purpose to put anybody in a corner, but that is a very significant statement. Could you back that up? Could you back it up when you say that that is the one paper that F.P.—that implies that they have...

**Mr. Berton:** I am not in the business and I know only what is generally common knowledge but I think it is pretty generally agreed in the business that F.P. exerts a fairly tight control, at least financially and to some respect editorially. I don't mean the comment of the editorials but really the major effect is the amount of money that is spent. Everybody talks about the fact that Lord Thomson keeps his hands off his editorial people. He does until they lose money and then his hands go on and they go out and that's as strong a pressure on a newspaper as you can have. If you own your own newspaper, it is up to you if you want to take a chance and maybe spend some money one week.

You don't have to have Lord Thomson's accountants say, well, you can't send the man to Moscow even though the world is coming to an end because you can't afford it, or you can't investigate this situation in your home town because the merchants will get upset and we don't want to rock the boat. That's the kind of thing I think that happens.

**The Chairman:** We have an estimate, and several people have made it, that children are changing to television and children under ten watch television for let's say a minimum of twelve hours a week. Does this concern you—this enormous amount of television watching by children?

**Mr. Berton:** No.

**The Chairman:** Why not?

**Mr. Berton:** I would hope that television would improve but I wouldn't want to see the viewing go down on the part of children because I think television is a very strong educational medium even when it pretends not to be which is most of the time. I think that the kids that go to school today at the kindergarten or grade one age are far more sophisticated than they were in my day because of television. They can't help but learn from television, even bad television. It doesn't matter whether they watch "The Man From Uncle"—they see Napoleon Solo running around the streets of Vienna or a mock-up of Vienna and this is the first time that they ever knew that Vienna even existed.

In my day I never even heard of the countries of the world. Nowadays kids can knock off all the countries of Europe as a result. True, some of it is trash and some of it is muck, but even in that trash and muck, there is something coming out which adds to the sum total of knowledge and experience. I don't know if the schools have caught up with the fact that young children are very sophisticated now and know a lot more about the world than we did.

**The Chairman:** Certain groups have come before the Committee such as the Parents' Teachers' federation, for example, expressing concern about violence on television. Would you make any comment about violence on television?

**Mr. Berton:** Yes. I really have looked at this and I don't really find any evidence that anybody was driven to a violent act by watching television or reading books or comic books or anything else. Children's fairy st



ries for instance have traditionally been violent. I used to read Grimm when I was a kid and was terrified at the macabre stories there. Now, I know the argument is that television is real and the fairy stories are not real, but I don't think that is really true. I don't think television is really very real and even if it were, I think a kid or an adult has to be within himself unbalanced before any trigger from television will drive him into anything.

**The Chairman:** I would like to ask you a specific question for general reasons. You do a program on CFRB in Toronto with Charles Templeton which is called Dialogue and I think it is on other Canadian stations as well.

**Mr. Berton:** It is on about twelve other stations.

**The Chairman:** Twelve other stations, but I hear it mostly on CFRB in Toronto. It is on twice—it is on in the morning, at ten-ten I think it is and in the evening at six fifty. The ratings indicate that you have a huge listenership. Now, and I am not going to ask you about the specifics of Dialogue, but it seems likely if that exact same program were taken off those twelve stations...

**Mr. Berton:** Yes.

**The Chairman:** And were put on twelve CBC stations including CBL, the audience—the exact same program, the exact same discussions, the same people, you and Charles Templeton—the audience would be dramatically less. Why?

**Mr. Berton:** I think that is true.

**The Chairman:** Why?

**Mr. Berton:** Because of what precedes and follows that program. People don't any more tune into specific programs as much as they tune into an over-all type of station. CFRB over thirty years has built up a certain kind of radio audience which likes the total that CFRB gives them and I think I am right in saying that the evidence indicates that people turn that dial on in the morning and they don't really switch. This is less true of television as you know and used to be less true of radio but it is now true of radio. Radio stations now give themselves an image—as you know the kids of Toronto listen to either HUM or CKEY. They flip from one to the other because they provide a certain kind of music. Another person might listen to CFRB or CBC, although the two are not compatible. The Richmond Hill station in Toronto gives

nothing but western music and a certain kind of listener wants that. I really don't think it has much to do with Charles and myself.

**The Chairman:** And yet the dialogue that you and Charles Templeton do must not be all that out of keeping—in other words, it wouldn't be that much away from home if it appeared on CBC.

**Mr. Berton:** Oh, no it wouldn't, but the CBC because of the nature of its programming which is minority programming just has a smaller listenership.

**The Chairman:** I guess the more specific question would be, what would you do about CBC radio if you were the President of CBC?

**Mr. Berton:** Not much, I think it is pretty good.

**The Chairman:** You think it is pretty good?

**Mr. Berton:** I think it is fulfilling the exact job—you know, what CBC radio doesn't need to do is give us any rock and roll music. Every city has a station where we get all the rock and roll music and other stations we can get all the country music and other stations where you can get the George Melachrino Strings, etc.

**The Chairman:** The CBC does have rock and roll music. That is, CBL radio has rock and roll music.

**Mr. Berton:** Well, in no sense could you call it a rock and roll station.

**The Chairman:** If you listen to it on Saturday, between nine o'clock in the morning and twelve o'clock at noon you would think it was a rock and roll station.

**Mr. Berton:** That may be, but as you know, generally the CBC in the mornings when I hear it, from about eight o'clock to noon or to two o'clock in the afternoon, this is the kind of program that you cannot get on any other station. I am talking of Max Ferguson, I am talking about Bruno Gerussi, I am talking of the various magazine programs—the Pat Patterson program and Matinee and so on. I think in that sense CBC radio in the last few years has pulled up its socks because before that it was trying to be all things to all people.

**The Chairman:** Well, will CBC radio ever attract more audience?

**Mr. Berton:** I don't know. I really think CBC radio's job is two-fold. One is to be



Canadian and the other is to provide the kind of radio at public expense that no other radio station feels that it can afford to provide.

**The Chairman:** Your comment about less accent on commercials—several witnesses here have differentiated between CBC radio and television.

**Mr. Berton:** Right.

**The Chairman:** They say that CBC television should stay in the commercial business but CBC radio which I understand attracts only about two million dollars actually should...

**Mr. Berton:** I don't know the figure but probably a case could be made that it would be just as cheap for them to get out of radio, drop their overhead and sales department and everything else.

**The Chairman:** I think perhaps we only have one last question because unhappily we have to adjourn. I better qualify this for I may be incorrect, but I don't think you have ever been a member of the parliamentary press gallery?

**Mr. Berton:** No, I never have.

**The Chairman:** The Committee, I think, would be terribly interested in any comments you might make about the calibre of coverage out of the parliamentary press gallery both in print and in the electronic media.

**Mr. Berton:** I am not sure I want to do that. It is not my field. As far as the parliamentary press gallery and its work is concerned I am really just another newspaper reader. I am only reading three Toronto newspapers and I am not reading any other newspapers regularly. I sometimes see them when I am out of town, but I am not familiar from a personal point of view—I am not witness to what they are reporting and I would just as soon not pretend to be an expert in an area where I am not.

**The Chairman:** All right then, I won't make that my final question. My final question, and this I think you are expert on—what comment would you make to the Committee about the calibre of the job being done by the Canadian Press generally?

**Mr. Berton:** I think it is too bad that they take so much from Associated Press and Reuters. I think in Canada they tend to cover the news rather pallidly, but perhaps that is a

good thing—the colour can come from the individual reporters and individual newspapers and when you are feeding so many papers it is probably difficult to get any kind of colour in your news perhaps that is not important. I do wish Canadian Press presented a Canadian reporter's viewpoint from the major capitals and sometimes the minor capitals of the world, and took less from the other press associations. We are getting all our American news through American eyes with one or two exceptions and we are getting all our British news and so on through British eyes. It would be better if we got it through Canadian eyes. There is a difference in approach and a difference in emphasis because only a guy raised and brought up in this country can understand really how to talk to his own people in his own idiom and in fact the Canadian language is a separate and distinct language, albeit the distinctions are subtle, from any other language. We are getting American news in the American idiom and the American language.

**The Chairman:** Are there other questions? If not, I think I will thank the witness on behalf of the Committee. You have a reputation as I am sure you know for being prodigious in your various literary pursuits. An enormous volume of material—I have heard people say that they are amazed at the consistent quality and I think that those of us who are aware of the things that you do on television and indeed you have done in print in various places always marvel at these qualities. At the same time though we may not admit it to ourselves, we realize that notwithstanding the talent there is an enormous involvement in time and that being so we are particularly pleased that you found the time to come before this Committee. We think this is a very important hearing for us because we think the background and the experience that you have in all phases of the media in Canada is in a sense unique. There aren't too many people like Pierre Berton and we are pleased that he came here. Thank you very much.

**Mr. Berton:** I would like to thank you for having me. I have enjoyed it and I am one of those who think that this is an important operation. I know some of my colleagues are questioning whether this Committee will have any value or none at all, but I think you will have an immense value. First, I think it is educational and second I think what comes out of this Committee is going to be extremely useful to almost everybody who is con-

cerned about the future of this country.  
Thank you, Senator.

**The Chairman:** Thank you. May I remind  
the Senators that there is royal assent at five

o'clock and may I remind them also that the  
next meeting of the Committee is on the 14th  
of April at ten o'clock in the morning. Thank  
you and the meeting is adjourned.























Second Session—Twenty-eighth Parliament  
1969-70

# THE SENATE OF CANADA

## PROCEEDINGS

OF THE

SPECIAL SENATE COMMITTEE

ON

# MASS MEDIA

The Honourable KEITH DAVEY, *Chairman*

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No. 37

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TUESDAY, APRIL 14, 1970

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### WITNESSES:

*Télémedia (Québec) Limitée*: Mr. Philippe de Gaspé Beaubien, President;  
Mr. Jean-Louis Gauthier, President, *CHLT Télé 7 Limitée*, Sherbrooke;  
Mr. Maurice Dansereau, Vice-President, Radio Division, *Télémedia (Québec) Limitée*.

*Western Broadcasting Company Ltd.*: Mr. Frank Griffiths, C.A., President;  
Mr. William Hughes, Executive Vice-President; Mr. Warren Barker,  
News Director, CKNW.

MEMBERS OF THE  
SPECIAL SENATE COMMITTEE ON MASS MEDIA

The Honourable Keith Davey, *Chairman*

The Honourable L. P. Beaubien, *Deputy Chairman*

Beaubien  
Bourque  
Davey  
Everett  
Hays

Kinnear	Prowse
Macdonald ( <i>Cape Breton</i> )	Quart
McElman	Smith
Petten	Sparrow
Phillips ( <i>Prince</i> )	Welch

(15 members)

Quorum 5

## ORDERS OF REFERENCE

Extract from the Minutes of the Proceedings of the Senate, Wednesday, October 29th, 1969.

With leave of the Senate,

The Honourable Senator Davey moved, seconded by the Honourable Senator Lang:

That a Special Committee of the Senate be appointed to consider and report upon the ownership and control of the major means of mass public communication in Canada, in particular, and without restricting the generality of the foregoing, to examine and report upon the extent and nature of their impact and influence on the Canadian public, to be known as the Special Committee of the Senate on Mass Media;

That the Committee have power to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of the inquiry;

That the Committee have power to send for persons, papers and records, to examine witnesses, to report from time to time and to print such papers and evidence from day to day as may be ordered by the Committee;

That the Committee have power to sit during adjournments of the Senate and that Rule 76(4) be suspended in relation to this Special Committee from 9th to 18th December, 1969, both inclusive, and the Committee have power to sit during sittings of the Senate for that period;

That the papers and evidence received and taken on the subject in the preceding session be referred to the Committee; and

That the Committee be composed of the Honourable Senators Beaubien, Davey, Everett, Giguère, Hays, Irvine, Langlois, Macdonald (*Cape Breton*), McElman, Petten, Prowse, Sparrow, Urquhart, White and Willis.

After debate, and—

The question being put on the motion, it was—

Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Thursday, November 6th, 1969.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Smith:

That the names of the Honourable Senators Giguère and Urquhart be removed from the list of Senators serving on the Special Committee of the Senate on Mass Media; and

That the names of the Honourable Senators Bourque, Smith and Welch be added to the list of Senators serving on the said Special Committee.



The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Thursday, December 18th, 1969.

With leave of the Senate,  
The Honourable Senator McDonald moved, seconded by the Honourable Senator Smith:

That Rule 76(4) be suspended in relation to the Special Committee of the Senate on Mass Media from 20th to 30th January, 1970, and that the Committee have power to sit during sittings of the Senate for that period.

After debate, and—  
The question being put on the motion, it was—  
Resolved in the affirmative, on division.

Extract from the Minutes of the Proceedings of the Senate, Friday, December 19th, 1969.

With leave of the Senate,  
The Honourable Senator McDonald moved, seconded by the Honourable Langlois:

That the names of the Honourable Senators Bélisle and Phillips (*Prince*) be substituted for those of the Honourable Senators Welch and White on the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Tuesday, February 3, 1970.

With leave of the Senate,  
The Honourable Senator McDonald moved, seconded by the Honourable Langlois:

That Rule 76 (4) be suspended in relation to the Special Committee of the Senate on Mass Media from 10th to 19th February, 1970, both inclusive, and that the Committee have power to sit during sittings of the Senate for that period.

After debate, and—  
The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Thursday, February 5, 1970.

With leave of the Senate,  
The Honourable Senator McDonald moved, seconded by the Honourable Senator Haig:

That the names of the Honourable Senators Quart and Welch be substituted for those of the Honourable Senators Bélisle and Willis on the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Tuesday, February 17, 1970.

With leave of the Senate,  
The Honourable Senator McDonald moved, seconded by the Honourable Senator Connolly (*Halifax North*):

That the name of the Honourable Senator Kinnear be added to the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Tuesday, March 3, 1970.

With leave of the Senate,  
The Honourable Senator McDonald moved, seconded by the Honourable Senator Denis, P.C.:

That the name of the Honourable Senator Langlois be removed from the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Tuesday, March 3, 1970.

With leave of the Senate,  
The Honourable Senator McDonald moved, seconded by the Honourable Senator Denis, P.C.:

That Rule 76(4) be suspended in relation to the Special Committee of the Senate on Mass Media from 4th to 13th March, 1970, both inclusive, and that the Committee have power to sit during sittings of the Senate for that period.

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Thursday, March 19, 1970.

With leave of the Senate,  
The Honourable Senator McDonald moved, seconded by the Honourable Senator Smith:

That Rule 76(4) be suspended in relation to the Special Committee of the Senate on Mass Media on 24th and 25th March, 1970, and from 14th to 23rd April, 1970, both inclusive, and that the Committee have power to sit during sittings of the Senate for that period.

After debate, and—

The question being put on the motion, it was—  
Resolved in the affirmative.

ROBERT FORTIER,  
*Clerk of the Senate.*





## MINUTES OF PROCEEDINGS

TUESDAY, April 14, 1970.

(37)

Pursuant to adjournment and notice the Special Senate Committee on Mass Media met this day at 11.15 a.m.

*Present:* The Honourable Senators: Davey, (*Chairman*); Beaubien, Kinnear, McElman, Petten and Smith. (6)

*In attendance:* Miss Marianne Barrie, Director and Administrator; Mr. Borden Spears, Executive Consultant; Mr. Yves Fortier, Counsel.

The following witnesses, representing *Télémedia (Québec) Limitée*, were heard:

Mr. Philippe de Gaspé Beaubien, President;

Mr. Jean-Louis Gauthier, President, *CHLT Télé 7 Limitée*, Sherbrooke;

Mr. Maurice Dansereau, Vice-President, Radio Division, *Télémedia (Québec) Limitée*.

The following witnesses were present but were not heard:

Mr. Malcolm G. Scott, Secretary, *Télémedia (Québec) Limitée*;

Mr. André Lecomte, Vice-President, (Television), *Télémedia (Québec) Limitée*;

Mr. François Lefebvre, C.A., Treasurer, *Télémedia (Québec) Limitée*;

Mr. Antoine Desroches, Public Relations Consultant, *Desroches, Jasmin et Associés Inc.*, Montreal.

At 1.00 p.m. the Committee adjourned to 4.00 p.m.

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At 4.00 p.m. the Committee resumed.

*Present:* The Honourable Senators: Davey, (*Chairman*); Beaubien, Hays, Kinnear, McElman, Petten and Smith. (7)

*In attendance:* Miss Marianne Barrie, Director and Administrator; Mr. Borden Spears, Executive Consultant; Mr. Yves Fortier, Counsel.

The following witnesses, representing *Western Broadcasting Company Ltd.*, were heard:

Mr. Frank Griffiths, C.A., President;

Mr. William Hughes, Executive Vice-President;

Mr. Warren Barker, News Director, CKNW.

At 6.05 p.m. the Committee adjourned on Wednesday, April 15, 1970, at 10.00 a.m.

ATTEST.

Denis Bouffard,  
*Clerk of the Committee.*

## THE SPECIAL SENATE COMMITTEE ON MASS MEDIA

### EVIDENCE

Ottawa, Tuesday, April 14, 1970

The Special Senate Committee on Mass Media met this day at 11.15 a.m.

**Senator Keith Davey** (CHAIRMAN) in the Chair.

**The Chairman:** May I call the session to order. The Senators are probably aware but perhaps I will confirm the fact that the hearing at 2.30 this afternoon, Winnipeg Channel 12 Ltd., has been cancelled because Mr. Johnson, who was to present the brief, is ill. We have received the brief, however, and many of us have read it. A decision will be made subsequently about whether or not we can receive the brief at a public hearing. One of the problems, of course, is that the hearings are scheduled to conclude on the 24th of April. So whether or not we will receive the Channel 12 brief at a public hearing is now open to some question.

We have already received the brief and we are sorry, of course, that Mr. Johnson is ill.

This morning we are going to receive the brief of Télémédia (Québec) Limitée, which is represented here today by its President, Mr. Philippe de Gaspé Beaubien who is on my right.

I would simply say to you, Mr. President, that the brief we requested has been received. It has been circulated to the members of the Committee. It has presumably been studied by them and we are now turning to you for an opening statement of ten, twelve or fifteen minutes in which you may amplify or explain or make any comments you wish or add additional remarks.

Following that the Committee would like to question you on the contents of your brief and perhaps on other matters which may concern them.

I think all the members of the Committee are mindful of the specific position in which you find yourself vis-à-vis the CRTC and I think we are sensitive to the particular problem that this kind of hearing presents for you. With these few short words I think perhaps you could begin by introducing the other members of your team.

**Monsieur Philippe de Gaspé Beaubien, President, Télémédia (Québec) Limitée:** Thank you, Senator.

[Translation]

I would first like to introduce my associates to you: on my right, the Vice-President (radio division) Mr. Maurice Dansereau; on the Chairman's left, Mr. André Lecomte, vice-president (television division) of our company Télémédia (Québec) Limitée; at the end of the table, to my left, is Mr. Malcolm Scott, our company's secretary and at the extreme right, Mr. Jean-Louis Gauthier who is President of our television station in Sherbrooke, Télé 7.

Mr. Chairman, Honourable Senators, we sent you a description of our company and how we intend to operate it. As the Chairman of this Senate inquiry mentioned, we have still not received the CRTC's decision on the application for transfer of ownership that we made. We wanted to present to you briefly what were, in our opinion, the broadcasting needs in that part of Canada which is mainly French-speaking. We wanted to explain that in certain areas we believe that it is necessary to have co-ordinated efforts in order to meet these needs more efficiently. We explained fairly briefly what our company was, what were the principles behind it and how we believe we can meet these various needs.

I believe, Mr. Chairman, that the submission is self-explanatory and the main purpose of our presence here is to answer a few questions that you might ask us about our operation and the needs of the milieu in which we work. We believe that it would be wasting some of your time if we tried to repeat a text which you have already read; consequently it gives us great pleasure to be at your disposal to answer, as frankly as possible, the questions you might have. If you have no objections, I would now like to ask you what are the factors, in particular, that interest you and on which we can enlighten you further.

I thank you very much for receiving us and it is with pleasure that we come here because, I think, it is an opportunity for us to shed light on what our company is, as well as on broadcasting needs in Quebec.



[Text]

**The Chairman:** Thank you. The only other point I should perhaps add is that if there are any of the questions you feel should be referred to one of your colleagues, then just simply indicate that.

**Mr. Beaubien:** Thank you, Senator.

**The Chairman:** I think Mr. Fortier will start the questioning today.

[Translation]

**Mr. Fortier:** Mr. Beaubien. I accept your invitation. I wish to tell you that one of the topics that I would like to explore with you is one that you dealt with, in detail before the CRTC last month—namely the nature of the interests that you purchased from the Power Corporation group, Corporation Trans-Canada and Télémédia Incorporée, the nature of the rights that Power Corporation still holds through the debenture that you mentioned in your brief. On the other hand, I know that you have already had your fill of answering the questions of the CRTC. I am therefore going to try to be as brief as possible.

My first question is this: in the case of default (you mention it, I think on page 12 or 13 of the French text of your brief) what are the obligations of repayment of principal or interest to Télémédia Incorporée or Trans-Canada Corporation Fund; what are the obligations to Power Corporation which give it, in the case of default, a participation in your Company?

**Mr. Beaubien:** First, Mr. Chairman, Senators, I appreciate the opportunity to clarify this point. As we indicated in our brief, on page 16—and if I may, I would like to repeat it so that it will be clear: "Power Corp. will not have any role in the operations of Télémédia (Québec) or of its subsidiaries or associates, directly or indirectly, through management personnel or through board representation; nor through its own chief shareholders as individuals nor through its own subsidiaries or affiliates. Power Corp. will not hold any shares of any kind in Télémédia (Québec). As for the debenture, it includes no conversion right."

I wish to tell you that first, Power Corporation finds itself in the position now of being a lender. Its relationship is the same as what a bank or a finance company may have with any company whatever. At a certain point, I had to be able to make a guarantee to the Power Corporation which said: "If you sell this company, we are prepared to make certain

conditions for the first year". I shall explain to you why they made this condition if you are interested, Mr. Fortier.

I had to say, at that time, that I would not sell the control of the company as long as the debenture was outstanding, as long as it was still owing. At that time the company asked whether I was prepared to accept the penalty of paying the full amount of the debenture if ever I lost control of it. I said that in my opinion it was an unnecessary condition and I undertook to take the shares I held and deposit them in trust. Those shares in trust are a pledge that I would not sell control of the company. There is no way in which Power Corporation can get their hands on those shares, except in the event I do not meet a personal obligation that I have undertaken to meet, namely, that if I lose control of the company, I would have to be responsible for paying an indemnity of \$25,000.

**Mr. Fortier:** \$25,000?

**Mr. Beaubien:** \$25,000. And secondly, that Télémédia (Québec) Limitée undertook to see to it that the number of voting shares in the company which might be issued in the future would not be issued unless the company was advised that there was a possibility of issuing shares. Therefore, there is no way that I can lose control without a personal indemnity for default of \$25,000, and there is no way that Télémédia (Québec) Limitée will issue other shares in such a way that my portion will be below 50 per cent.

**Mr. Fortier:** No way?

**Mr. Beaubien:** At that time, if I do not meet this \$25,000 obligation, well Power Corporation can declare a bankruptcy, or something like that, and at that time, they will have the same rights as the others. But the protection that Canadians have is that no transfer can be made without the CRTC's approval. That is given in the text. I do not have the detailed text with me but those things will have to be done with the CRTC's approval. Therefore, the CRTC is fully protected in this respect.

**Senator Beaubien:** Philippe, Power Corporation has a first mortgage that is \$7 million?

**Mr. Beaubien:** That is correct.

**Senator Beaubien:** Suppose the company cannot meet its obligations—I am not speaking now about you. Does Power Corporation then take over the first mortgage?

**Mr. Beaubien:** At such time, they are the same transactions that we have with a lender.

**Senator Beaubien:** The bank could take over?

**Mr. Beaubien:** Power Corporation has no voting right. There will be a meeting of the Board of Directors and a decision will be made on how it can be refinanced.

**Senator Beaubien:** But, for example, if you cannot meet your mortgage?

**Mr. Beaubien:** You see, Senator, the advantage of this transaction is that the first year there is no interest payable to Power Corporation. The payments on the principal are made at the rate of \$500,000 a year, and they are not made before 1973. The first payment is not made until 1973.

**Senator Beaubien:** Then, you cannot go bankrupt before 1973...!

**Mr. Beaubien:** I believe that we shall be able, moreover, to sell them. The forecasts show fairly well at the moment that we shall be able to meet our obligations. In Télémedia, it is the first two years that are important.

**Senator Beaubien:** I have no doubt that you are capable of meeting them.

**Mr. Beaubien:** As a lender, it has the same responsibilities as a bank or a financial institution and it will have to examine whether it is to continue lending its money or call the loan and, at such a time, they would decide on adopting another method of financing.

**Mr. Fortier:** Do those rights exist in favour of Trans-Canada, in favour of Trans-Canada Corporation Fund, in favour of Télémedia Incorporée, or in favour of Power Corporation? Who holds the debenture?

**Mr. Beaubien:** A part of the debentures is held by Trans-Canada; the other part by Télémedia Incorporée and the ownership of Power Corporation.

**Mr. Fortier:** If I understand correctly, Mr. Beaubien, there are two possibilities: either you do not meet on time the repayment of its principal and interest that you have undertaken to meet. At such time you agree to pay, let us therefore say, a \$25,000 penalty; this penalty is a personal commitment on your part. Or then there is a default, and you do not pay the \$25,000, and should this occur, Power Corporation or Trans-Canada can put their finger on Télémedia (Québec) Ltée?

**Mr. Beaubien:** You are a barrister who is in a much better position to describe the financial procedure. I believe, at such time, that there will be a lawsuit to ascertain whether I can pay or not. And if I cannot pay, there is a judgment, and should there be a negative ruling, in my favour, the CRTC is consulted.

**Mr. Fortier:** The CRTC will still have a say in it. But theoretically, it may happen that, in case of default on your part, Power Corporation will wake up one morning with control of Télémedia (Québec) Ltée.

**Mr. Beaubien:** Should I not be able to meet my \$25,000 obligation, on my personal shares, at such time—I think that they will draw up a petition—I do not know the legal term—I will have to go to court. If there is an unfavourable decision, at such time, the shareholders will decide to call a personal bankruptcy, and I will go before the courts which will be called upon to rule, and the CRTC still has the right to determine whether, at such time, the sale will be made. I can tell you that I have no intention of losing control of the company, and that I think that I can meet this \$25,000 obligation, especially in the light of events. The feeling that I want to convey in the answer is one of confidence that we shall be able to meet the conditions that Power Corporation has imposed. The debentures have the same conditions that I would have had from I.A.C. I would have had the same conditions from the bank or some financial institution. They are lenders.

**Mr. Fortier:** What is the interest rate?

**Mr. Beaubien:** I can speak about the interest rate, if I may, to conclude this aspect. A good part of the radio and television stations throughout Canada borrow money to finance either a tower or equipment. Those who lend money to them have the same rights as Power Corporation will have where I am concerned. A bank can, at a given moment, say: you have not met your obligations on this tower, therefore, we want to meet with you and set up more detailed procedures for making sure that there is more control in the company. But you know that Canadian banks do not become owners of shares of either radio or television stations across the country because someone is having financial difficulties.

**Mr. Fortier:** The CRTC will have to make a decision?



**Mr. Beaubien:** I simply want to indicate, Mr. Fortier, that the rights of lenders are simply all the same. The interest rates are the same. I could have it with anyone else. I would like to speak about interest, if I may.

Some people are surprised by the fact that we succeeded in negotiating a 6 per cent interest rate. I would like to explain why. When I made an offer to buy from Power Corporation the stations it held, I competed with someone else. I was not the only one to try to get those stations and I was told, at that time, that the offer I had made was not sufficient. In the company's opinion, they had to sell at the price they had paid. At the time, I found it difficult at the start, I found that there might be a way to help myself, and I needed help because it was obvious that money was harder to find. Then they said: very well, we are going to try to help you during the first years, to try to give you a preferential rate—and I had asked for 3 per cent incidentally. I had asked for 3 per cent for this reason: I knew that Power Corporation had a note in the amount of \$6,900,000 bearing no interest which was due in 1980, 1990. Therefore, I was able to negotiate, not my 3 per cent, but 6 per cent for the first five years, which I found the most difficult. At least I came up with a contribution to Power Corporation which was 6 per cent more interest than they had on the note they held at the time. I was able to give them something better than what they had. I think that was an important factor. These first six years are important. Why did Power Corporation agree to such a transaction? I wish to inform you that, except for one of these companies, in all these companies, they were operating at a loss in 1968—in several cases they were standing still. Losses were substantial in a major part of those companies. I wish to tell you that this is a factor that demands of us a great deal of work and a great deal of enterprising spirit—to try to turn the situation around, to improve it. This is the case in several companies, in Quebec, that are having difficulties at the moment. Power Corporation found itself in a situation where it had a series of stations that were not yielding any money. They said: "listen, you can have 6 per cent interest for the first five years, if we are able to arrange for the repayment of a note that bears no interest and we will see our money again. That is enough for us. Undoubtedly there would be other reasons that we cannot disclose to you." This is the reason I was able to get a preferential interest rate for

the first five years, those important years, so as to be able to turn those stations around and make them financially more profitable.

**Mr. Fortier:** You say that those companies, while they were under Mr. Desmarais' guardianship, were standing still—the radio and television stations?

**Mr. Beaubien:** May I add a point. He was not the owner directly because he had just acquired the Rimouski and Trois-Rivières stations through certain newspapers, you know. I did not want to give the impression that those companies were lagging behind with a change of control. They were under different administrative authorities.

**Mr. Fortier:** Agreed. You were associated with the Paul Desmarais group in the company Télémedia Incorporée and you tell us today that, to put it simply, you borrowed from Power Corporation. Is that correct?

**Mr. Beaubien:** Yes, it is.

**Mr. Fortier:** You are no longer associated with that firm except, as you say, in the capacity of lender or borrower?

**Mr. Beaubien:** That is correct.

**Mr. Fortier:** Mr. Beaubien, what was it in the first instance that influenced your offer to Power Corporation (I am not referring to Mr. Desmarais who has in any case already been questioned about this matter)? Did Power Corporation ask you: "Philippe, can you make us an offer?" Or did you start matters moving by saying: "Paul, I would like to make you an offer?"

**Mr. Beaubien:** I went to see Mr. Jean Parisien, who has already appeared before you and who was the Executive Vice-President with responsibility in the Power Corporation group's communications network. I told him that if there was ever a decision to sell the company, I hoped he would give me the chance to make an offer for that company. I already held ten per cent of the firm Télémedia Incorporée. I had already tried to build up my own interest when one of the partners wanted to sell out, an interest which was bought by Power Corporation; there had previously been three Quebec Télémedia shareholders. I went to look them up about six months before they made the offer, and I repeated the offer at least three times before they told me: "Now we are ready to hear your offer." So it was I who took the initial



tive in this matter, and I did so because I believe we had a good opportunity to make some headway in the mass media in Quebec. Yes, that is what I thought, even if there was a slowdown, even if they were experiencing problems which have been familiar to many French Canadian firms recently. I would describe the problem as a lack of anyone to take over on the managerial side. The firms were built up by young fellows who took risks and introduced plenty of new ideas. But in too many cases, they had no one to take over from them and manage the company. So that was our job. We were all young, ready to work long hours. We had a bit of capital and we were keen to keep Quebec companies in Quebec hands, make sure that they were not sold outside the province and outside the business circles our operations covered.

**Mr. Fortier:** At that time, did you really and truly feel worried that Power Corporation was going to dispose of, sell its interests in those various radio and television stations? Were you afraid that it would sell out to foreign owners?

**Mr. Beaubien:** Well, you would have to define that term. Let us say that I could see the company, which was also interested in other fields, being criticized from all sides, and I let it be known that my associates and myself were interested in acquiring it. We had no information suggesting that it was to be sold to foreign owners. But I knew that there were other people interested in those companies. I knew that other companies across Canada which knew something about the firms in question saw their potential and were interested, though I do not know whether they made offers. I believe that there was at least one other offer which I had to beat in order to convince them to sell to me—which I succeeded in doing.

**Mr. Fortier:** You say we must define our terms; I agree with you entirely. On page 8 of your brief, you state and these are your own words:

"Individual stations have been weakened by poor administration and meagre financing and they may well be ripe for takeover by foreign interests better equipped and better financed."

Have you found the passage, at the top of page 8? When I read your brief, I put a question mark in the margin.

**Mr. Beaubien:** Well, it should have been put as:

"People who do not come from our own parts."

That is what I wanted to say. I did not mean to suggest that English-speaking Canadians are foreigners. I think you are reading too much into the statement, Mr. Fortier; I did not intend to imply as much. I meant that it would be outside the milieu of our acquaintance.

**Mr. Fortier:** Because you put the ball in my court by asking me to define the word "foreign" and I am asking you to do the same thing?

**Mr. Beaubien:** That is right.

**Mr. Fortier:** Well then, to go on—the moment came when took your decision. Before doing so, as you put it so well in your brief, you went deeply into the problems of Quebec's radio and television stations and, in a more general manner, into problems of communication and the repercussions on the broadcasting industry. Since the question has been raised, I would like to ask: when you were making this study of problems of communication, did you personally or your group as a whole reach the conclusion that it was a rather undesirable situation when an individual held interests in a company which puts out both printed and broadcast news, for example?

**Mr. Beaubien:** Really, I cannot give a straight yes or no. I can only quote some examples. I think that when this sort of common ownership influences public opinion to the point where it may be said that information is being controlled, that is, where there can be control of information because the individual really has a monopoly on information, I think it is a bad thing. In a case of that sort, there are certainly problems, and I think that this is to the disadvantage of most of the population. However, it has been proved that in certain cases, one communications medium is needed to support another; I think you have already heard an explanation of this theory. In such cases, I think that it is very much in the public interest that there should be communications systems to transmit information attuned to their own environment. So, the answer to your question may be yes or no. In general, I would say that it has been our policy to specialize in the broadcasting media. Those

media are complementary from the point of view of news services and equipment, so that the tendency or possibility of having a centre saturated with communications media is automatically avoided by the adoption of such a course of action.

**Mr. Fortier:** Did any of your studies lead you to suppose that there are areas in Quebec where an individual or a company held this sort of monopoly on information? Obviously, that would be anti-Québec télémedia.

**Mr. Beaubien:** I would not like to say that; I do not think so. In the region in which we are working, it has already been mentioned that there was a fair amount of concentration of ownership before we came, but I should make this point for the members of the Senate, if it is of interest to them. In the Sherbrooke region, for example, where we have a radio and a television station, our television station, is just one of eleven. There are 11 television stations which can be picked up in that area. I believe that our radio station is one of 18 serving the area. Of course, someone can still say: you have a radio and a television station in the same area and own a local newspaper too. This was the case with the former owner—he had a newspaper, a radio station and a television station. I think that the decision of whoever is to judge this question should take the existence of other examples of the media which exist in the area into account. As far as we are concerned, my opinion is that there is no way—no way at all—in which we could be accused of undue concentration or undue influence from the point of view of information.

**Mr. Fortier:** Am I right in interpreting your answer to mean that this was not one of the reasons which prompted you to offer to buy those radio stations and television stations from Mr. Desmarais?

**Mr. Beaubien:** First of all, we made the offer because we are businessmen. We were young, we had ambition and we were ready to take a risk to make money—this was our basic motivation. This was not the only factor, however, because this is an interesting line of business. In my lifetime I have had occasion to work for perhaps 50 companies and I can tell you that this is an interesting field because so much is changing in this province right now. We had the chance to be part of this, to offer information, entertainment, to let people here in on what was hap-

pening—and believe me, they are much more eager to be in the know than is generally supposed.

My experience in Expo opened my eyes in the matter of the educational pavilions with special themes. Before Expo opened, a lot of people were ready to say that we really were not answering any need here, that people went to a world's fair to enjoy themselves, to have fun, and that they would make straight for La Ronde. We were told not to waste our time and money on building theme pavilions for Canadians because ordinary people just did not want them. Well, the guys who said that had a big surprise when they saw that just the opposite was true—people were really eager to know, find out things, compare information from other sources.

The role of radio and of television is very much the same. This is a job which I wanted to try to do. It seems as if we are all aiming for the same thing. It certainly seems a shame, Mr. Fortier, that although we are living in the same world, we did not manage to make the Government agencies and the general public understand what we were trying to do. This is why we really welcomed the chance to come and talk to you, Mr. Chairman, and to the senators, because we feel that if we have failed in one of the information fields, it is not because we were negligent of our duty to teach, inform and divert the public, but it is because our methods were perhaps not those in the public's best interest.

I am impressed by the new industry in which I have become involved. But I feel that if we failed somewhere, it was in the task of letting the public in our area of operation and thus also the government authorities know what we were and what we were trying to do; how our outfit operates; what the profits are and how they are invested; what local community needs are; how we try to interest the community and whether that is difficult to do; how we were trying to explain the reason for our existence. We do not share the fear that most of the public has about us and which government authorities seem to have about us. We are told: don't get involved in that, you are trying to show us how to do our job. But no one tried to explain and that is why we are happy to appear before you because we have told ourselves: perhaps this is our chance to give every one a better understanding of what we are doing; perhaps this will be an opportunity for the journalist here in this room, to see that we really do have problems of our own and that we are



trying to solve them. This is what the public is trying to understand. I feel that there is a lack of trust here—the company and the government need to have confidence in one another, and so do private enterprise and the public, and so do the broadcasters (whom we represent) and the people who control our operations, the governments which see to it that our power is not misused.

**Mr. Fortier:** Is this lack of mutual confidence due in part to the fact that there are too many government agencies at one time interfering with the broadcasting media?

**Mr. Beaubien:** I do not think so, Mr. Fortier. I think we realize that we are coming to terms with common ownership. Controls are needed in a field like this. We understand that the government authorities should worry about such matters and in fact, ladies and gentlemen, this is the third major presentation for us. This is the third inquiry into our company's operations in a year. First, there was the presentation which we made to the Commission of the National Assembly in Quebec City; we spent a day and a half appearing before our CRTC agency, and we are only too pleased to be here today; we would make another such appearance if we felt that further explanations would be of use. We feel that controls are needed, then; we think the groups existing already are efficient, but we are worried about the fact that we want to try to create an atmosphere of confidence so that we can work together and try to find solutions to present problems. It is not our impression that this atmosphere prevails at present; we feel that people are worried about us and see us as somebody trying to misuse the authority he has.

**Mr. Fortier:** Why do you think people have formed this impression—your own opinion?

**Mr. Beaubien:** I think this spirit of mistrust is general nowadays: this is the general attitude towards businessmen, private companies, which have not, in my opinion taken the trouble to explain what they are or what they are trying to do. Public opinion has turned against them and now favours governments, which they would like to do everything for them, subsidize them at every turn, support them—this is no solution to present-day economic problems, in my opinion. As a businessman, I think that no one has taken the trouble to explain things to the public, and I think that the broadcasters have taken it for granted that the public knew what we were

doing and thought we were doing a satisfactory job. There are certainly faults, no doubt about it.

**Mr. Fortier:** Do you think that this is especially due to the nature of the industry you are working in?

**Mr. Beaubien:** I don't think so. I think that if the day came when we had a chance to explain what we were doing, if we were allowed to describe how a newsroom works, everyone would see that we are just reporting. Last night the Apollo report came in: the mission was cancelled at 11.15. This morning our newsrooms had university faculty members and other well informed persons to comment on that item of news—scarcely ten hours after the first bulletin. There is action here, organization, concern for the public, yet the public does not seem to realize—looks at us with suspicion. It tells itself that all this is because of industry; it thinks that the broadcasting networks belong to it, and it has a right to that opinion.

[Text]

**The Chairman:** Is this a problem? Is it a different problem in Quebec than for the rest of the country or does this problem apply in both parts of Canada?

**Mr. Beaubien:** Senator, I think that problem applies in all Canada today.

**The Chairman:** Everywhere.

**Mr. Beaubien:** Yes. I think it is evident as we travel throughout the country and as we try to talk to people that there is a genuine pre-occupation or feeling on the part of the public in general that one who is a capitalist or businessman, or free enterprise is something that is not contributing much to the economy in which we all live. I feel this is unfortunate.

**The Chairman:** Well, let me ask you a somewhat related question. Perhaps I can preface it by saying that I am sure you understand the interest of this particular study is really less in Télémedia (Québec) as an end unto itself than in its position in the entire spectrum. We are grateful to you for coming and I hope you do not feel we are specifically investigating your organization because we are not. I am sure you appreciate that.

I was interested in the English translation here in the brief at page 4. You talk about "The Challenge" and I think very graphically



you describe the challenge which, I presume, is from the United States. This is the indication on page 4 and 5. You talk about the access of American television signals and then you say something on page 5 at the end of that paragraph:

"This threat at present is most real for those Canadians whose mother tongue is French and whose culture is primarily French."

I wonder if the threat is not really more real for those Canadians like myself whose mother tongue is English simply because of the inundation of American television signals, for example, in Toronto. I am sure they have a far greater appeal for English Canadians than for a great many French Canadians whom, I am sure, are not interested in watching programmes in the English language.

In other words, in developing a real sense of national purpose and national pride I think that Quebec has a distinct advantage in its French language as opposed to the rest of the country. Could you comment on that?

**Mr. Beaubien:** That is a good question, Senator. This is what we meant. We can see that within the next ten years there are going to be means of being able to capture on a television screen or a radio because of satellites over our country, signals that come directly from other countries.

We feel that if it is difficult for us now in the Province of Quebec to act in a sea of two hundred and fifty million English-speaking people and retain our identity and our personality, it will be doubly difficult when we have the whole world pouring in, and a great many of these are English-speaking countries or countries who will broadcast in a language which is not our mother tongue.

What we wanted to say is that we have got to start becoming confident now in our own market, not only to make the dollar now but to be able to get the benefits of that dollar. So we have to be able to start developing people and men and facilities and programmes and ideas that will permit us to keep our audience and at a time where someone can tune into Czechoslovakia, the Soviet Union and the United States, as they did at Expo where you would go and see the world was right there.

It will be the same thing because of all this and people will not watch us in our markets only because we are French-speaking Canadi-

ans. People will not watch us in Canada because we are Canadian. They are going to watch us if we are as good as the others and if we can provide information.

I would agree with you that it may be as difficult for you, although I had not seen it that way because the influx will be even greater from outside.

Our message there was to say: my golly, if there ever was a time in our history where we should not fear the concentration—not the concentration—concentration has a bad connotation—but the co-ordination of efforts, of starting to work together to try to get ready for what is coming from other parts of the world.

It is now. I look at what the Czechs have been doing. They have exhausted their natural resources and they are developing human resources and they are very good at imaginative, creative ways of presenting ideas and concepts. We have got to become equally as good if we want to retain our audience.

**The Chairman:** I must confess I was thinking more of the United States and I was going to ask you what you meant when you say, on page 5;

"improve the quality of their productions to meet the standards of a better informed, better educated and more discriminating public."

I was relating that comment in my mind and perhaps thinking back to page 4 because in some way you regard American programming in both television and radio as being of superior quality.

**Mr. Beaubien:** No. Well, it is not an easy answer, Senator. There is no doubt that as far as quality of message, they are very imaginative people and they are a great country. There is no doubt. They have resources and people.

However, I cannot help but feel that many times, when they have broadcast into my home anyway, the tradition is not necessarily the tradition of my children. The Mason-Dixon line does not mean much in my house.

Therefore, we carry certain of these programmes dubbed in French. It is not much mind you. Some seventy per cent of our programming is originated in French-speaking Canada by us; but there is no doubt that there are a certain amount of these programmes that are very popular and have

message. We should not be narrow enough to say because a programme like "Father Knows Best" is not made in our community, that it does not have a message to deliver.

However, this is not exactly what I meant by that.

[Translation]

**Mr. Fortier:** If I understand right, you say 70 per cent of programming?

**Mr. Beaubien:** I'd like to ask the President of the Sherbrooke station, if you would allow me, but I think from our last submission to the CRTC that 70 per cent of the programming is of Canadian origin."

**Mr. Jean-Louis Gauthier, President CHLT Télé 7 Limitée, Sherbrooke, Québec:** We operate 116 hours a week. Of that, 50 hours come from the CBC French network, and we ourselves produce 38 hours of programming in our studio. Only the balance is film. Part of that film is American film dubbed in French. We present also some programmes, some films that are imported from France.

**Mr. Fortier:** For you, The CRTC's regulations regarding Canadian content present no problems?

**Mr. Gauthier:** It doesn't affect us because we already exceed them. In fact most of the stations in the Province of Quebec exceed the Canadian content that the CRTC is requesting.

**Mr. Fortier:** I think the members of the Senate Committee would be interested in hearing Mr. Dansereau and knowing just how far the radio stations, for example, are affected by the 30 per cent Canadian content.

**Mr. Maurice Dansereau, Vice-President Radio Division) of Télémédia (Québec) Ltée:** Mr. Fortier, especially for French-language radio stations, it isn't a problem of meeting the CRTC standards, the standards that the CRTC is seriously talking of establishing. It isn't a problem at the production end. The only problem it can create is a different kind of enforcement problem in a situation where right now, in the Province of Quebec, you have a tremendous number of radio stations that are in trouble. Business isn't as good as it used to be. So if the CRTC forces us, if you will, to fill out a log in which we're going to be obliged to put down the length of the record, the time it was played, whether the playing in it was done by Canadian musi-

cians, the singing by Canadian artists, what company it came from, the record number, etc; well, if that means one or two persons more in each station, then for some stations in sparsely populated communities with certain restrictions, you're adding an administrative load that's very hard to carry.

**Mr. Fortier:** That's the only place where there is a problem?

**Mr. Dansereau:** Let's say that, in radio broadcasting, especially on the French-speaking side, by the force of circumstance, we've had to develop a record industry. When you think of broadcasting stations in Quebec, it's not with Frank Sinatra in English or things like that, that you're going to interest everybody. At first, French records were imported, which was pretty expensive, and also, they weren't always necessarily of good quality. There were some people who began to work in a small way, who set up small companies. Some of them went bankrupt; others survived. And finally, they succeeded in establishing to use the popular term, "the French Honours List", which is independent of the English or American "Hit Parade". They managed to keep those companies alive. And in French Canada, we already have a record industry that's really very viable, and that can be made use of. Unfortunately, that hasn't perhaps happened on the English side of radio broadcasting.

**Mr. Fortier:** So what are the problems that a small radio station like CHLN in Trois-Rivières comes up against? What are your major problems?

**Mr. Dansereau:** If you please, Mr. Fortier, CHLN is not a small radio station.

**Mr. Fortier:** I'm sorry. Relatively speaking?

**Mr. Dansereau:** Let's say the problems a small radio station can have are: in the first place, if it's a private station, it has to meet obligations imposed by law, by the government—there's the CRTC. It has to produce a certain number of hours. Very often that little station has the advantage of being affiliated to the CBC, and that's one of the advantages. There are disadvantages to the CBC affiliation, but that is one of the advantages that enables...

**Mr. Fortier:** Advantages or a disadvantage?

**Mr. Dansereau:** It's one of the advantages. But I would add that there are some disadvantages also.



**Mr. Fortier:** I'm going to ask that question of Mr. Gauthier also.

**Mr. Dansereau:** It's when you operate in a small market and are obliged to meet certain standards. There are places where really, with the competition, where the biggest stations come in, be they radio or television stations, and there are so many of them these days. Let's take the case of Sherbrooke: In Sherbrooke, there are 18 stations, about 18 radio signals coming in it can be 18, 10 or 11,—and even television, and there are some dailies there. In a little center where there are no dailies there are weeklies. But just the same, the merchants in a small center of 5,000, 6,000 or 10,000 persons, they're not people who can afford national advertising budgets. The great mass of national advertising is developed by the metropolitan radio or television stations. There's very little national revenue left that these little stations can count on. They have to count on local revenue.

We can give examples of stations operating in centers where they have a wonderfully big share of the audience, but this share amounts to very little because there are so few people, yet in some cases they reach 80 per cent of their audience. It just isn't worthwhile for a national customer to pay the cost of reaching those people.

**Mr. Fortier:** It could become so, as you say in your brief, if you can give this group of companies a group of stations, isn't that right?

**Mr. Dansereau:** Yes, it's one of the points extremely favourable to a group.

**Mr. Fortier:** First of all, for a station like yours, who is your chief competitor from the point of view, say, of listeners? For CHLN in Trois-Rivières, is it another radio station? A television station? Is it a newspaper? In your mind, as manager of the company, who is the chief competitor?

**Mr. Dansereau:** I'm tempted to tell you that there isn't any. I'm sincere when I say that. I consider that there isn't any competition. I consider that there are other people doing business, and they are never competitors, because you have to base yourself on the idea that you're better than the others, and if you're better, there's no competition.

**Mr. Fortier:** What proportion of your audience do you reach with CHLN? A little while ago you mentioned 80 per cent, I think. According to the BBM?

**Mr. Dansereau:** Let's say that in Trois-Rivières, we pretty well divide the audience with the other radio station.

**Mr. Fortier:** The other station which is independent?

**Mr. Dansereau:** It's also an independent station. What we call "local coverage", I would say 70 per cent. Well, in this case, look, those are figures off the top of my head. You know that in our group with the FM stations (there are 8 or 9) it's pretty hard to remember all the figures.

**Mr. Fortier:** From the point of view of advertising, who is your chief competitor? Do you consider it to be the newspaper or television, or another radio station?

**Mr. Dansereau:** In national advertising it's television; in local advertising it's the newspaper.

[Text]

**The Chairman:** I wonder if I might ask Mr. Dansereau a question. You did say, as I understand the translation, that the new CRTC Canadian content regulations present no problem for your radio station. Is that correct? You mentioned the problem of keeping track...

**Mr. Dansereau:** For a French-speaking station, for producing the amount, let us say percentage wise of what we have to produce of Canadian content, let us say, on records or through talent, no problems. It is only in...

**The Chairman:** I appreciate your point. I wanted to ask you...

**Senator Smith:** What is the rest of his sentence? I didn't get that.

**The Chairman:** Well, the problem he has spoken about at length is that it presents administrative problems.

**Mr. Fortier:** Manpower.

**The Chairman:** Manpower, which is not the question I want to pursue, however.

You are, I believe, a director of the Canadian Association of Broadcasters?

**Mr. Dansereau:** Yes.

**The Chairman:** Is that correct?

**Mr. Dansereau:** Yes.

**The Chairman:** Therefore, this may be a very unfair question and I am not trying



put you on the spot but I would be curious to know what you think of these regulations as they refer to the rest of the stations in Canada outside of Quebec? Are you in favour of those regulations for those stations?

I am asking you in your capacity as a director of CAB I will be quite prepared to accept an answer that you do not want to answer. I do not want to embarrass you. However, I am curious to know what you think of the regulations.

**Mr. Dansereau:** Well, I would rather not because there is a...

**The Chairman:** There is a CAB position?

**Mr. Dansereau:** There is a CAB position and there is my own position and within the CAB position—my own personal view—let us say I would not talk about the CAB position—is that I do not find that these regulations will hurt us but basically I am against regulations.

**The Chairman:** Period?

**Mr. Dansereau:** Period because I feel that the tendency of regulations are restrictive and I feel that broadcasting at large, if we would not have maybe these restrictive decisions or regulations we have to follow, we would be able to produce better broadcasting.

As an example of that, let us say a lot of people are saying there are too many commercials on radio or television. My own personal view would be, thinking that way, why not let people do whatever they want to do with a licence for a certain number of years. Let us say five years.

**The Chairman:** Five years?

**Mr. Dansereau:** Let them operate and if somebody is crazy enough in between eight and nine o'clock in the morning to have forty-five minutes of commercials and two minutes of news, he will be wiped out within a matter of a couple of years as far as his ratings are concerned; no more commercials on his station because he would have had too many commercials and he would not be able to operate the station. Then the CRTC would have been able to say, "Have you been really fulfilling your mandate which is to inform, which is to entertain your people and also the cultural aspect of it?"

But the more restrictive you become the worse it is for us to produce a better product.

**The Chairman:** Let us take your example. Let us say that CHLN—I would agree this is

a hypothetical example, you would not do such a thing, I am sure, but suppose you did run forty-five commercials between eight and nine o'clock on your radio station, would it not be a terrible thing to make the listeners of Troisi-Rivières suffer through five years of that before they would get some redress?

**Mr. Dansereau:** They would not have to suffer for five years.

**The Chairman:** What would be their alternative?

**Mr. Dansereau:** Their alternative would be to switch to a more interesting station and we were talking about eighteen of them penetrating in our district.

**Senator McElman:** Mr. Chairman, according to the CAB, that would increase their listening audience if they had more commercials.

**Mr. Dansereau:** Sir, if I may be permitted. There is partly some truth in that statement, you know, because basically a commercial is news for a lot of people, for a housewife. When she hears that such and such a store is having its annual sale, it is news to her. When there is a new product that is coming on the air, that is news; and if she does not know, this new product would not be able to be marketed and this company would not be able to produce it and some people would lose their jobs. So I still feel that a commercial is news.

**The Chairman:** But you would not run forty-five an hour?

**Mr. Dansereau:** No.

**Senator McElman:** Of that type of news?

**Mr. Dansereau:** No, not of that type of news. Maybe I have been talking too long.

**The Chairman:** No, I am sure you have not. I was not trying to embarrass you. It is another example, Mr. Beaubien, I am sure, where I think broadcasters in Quebec have an advantage in this kind of a regulation.

I think the English language broadcasters are going to have to scramble, or so they tell us, because the proposed regulations present a real hardship for them. I was interested in your views. I noticed in the biography that you were a director of CAB and that is why I asked you.

**Senator McElman:** Could I have a supplementary. Mr. Chairman?

**The Chairman:** Yes, Senator McElman.

Did you want to add something Mr. Dansereau?

**Mr. Dansereau:** Just that it was not because I did not really want to talk about the CAB position—but because they possibly will be in front of the CRTC on Thursday morning; so I did not want to answer that.

**The Chairman:** Quite.

**Senator McElman:** Forgetting about CAB for the moment, does the example of Quebec and the broadcasting industry in Quebec not indicate that when people care deeply by enough about the continuation or preservation of a culture, that not only will they in fact do things to protect it and strengthen it but also that the media, reflecting and leading in some cases, will also take action to protect the culture or milieu concerned?

Is this not what we have in truth here, an example of this in action?

**Mr. Dansereau:** I think I would like to say that you are right.

**Senator McElman:** Is the media reflecting or leading?

**Mr. Beaubien:** Interesting...

**Senator McElman:** My impression is that they are reflecting.

**Mr. Dansereau:** Also leading. Well, to come back to the example of the record industry in the Province of Quebec, the media has been leading there. Maybe—oh—I am entering on a hot potato.

**The Chairman:** Well, you can throw it away, if you want to. If you would like to say something, please do.

**Mr. Dansereau:** Maybe on the political side, the media is reflecting, not leading but in the development of talent, the media is leading.

**The Chairman:** I think, Mr. Beaubien wanted to say something on this perhaps before we go on.

**Mr. Beaubien:** I think it is difficult to say it is either/or situation. I think that in everything I look at in this industry, there is a bit of both.

In many instances—and I am a newcomer to the industry so I can afford to perhaps say these things and you can chalk them up to ignorance—he has twenty years' experience in the field. When I first arrived in this indus-

try, I had a great idea of coming and maybe perpetuating a little bit of what we had done successfully in the Theme Building, which was to take people with their desire to have knowledge and help them broaden themselves; and help them grow; and help them measure themselves in a dimension that is greater from their day-to-day preoccupation.

I have been constantly frustrated since that day in finding the way to do it; in finding the way to lead and still not lose the audience. There is a level but it must be done very discreetly. Knowledge is very helpful here; and so if you do it too quickly, you lose the ratings. You lose the audience. You lose the advertising. You lose revenue because we are not sponsored by anything in the government.

Therefore, it is a delicate balance to always try to step one step higher, to get them to reach and to keep it interesting and our big challenge is to know that the population has a great need for knowledge and a thirst for knowledge and still find an imaginative, creative, skilled way to present it so they will watch it and they will grow because they want to grow.

Now, that is difficult in what he was saying is an atmosphere of fear. It is difficult to build this industry to the point where it was left to us by people like their fathers who had grown in this industry, who were rugged entrepreneurs and individualists, who moved into this field and took risks and had the imagination and had no bounds and just moved to give us ideas and concepts.

We find it difficult to continue to have that same kind of energy and drive and production and creativity and the educational spirit today when we have three major investigations on the part of the various kinds of government.

We recognize their right to do it. We come here happily and openly and say to you Thank God, we want to tell you what we think", because maybe we will get to the people of Canada and will tell them to relax a little bit, we are not that bad. We are really animated with as much desire to help you and give you what you want as much as any other profession that we see today, except we have not been able to communicate that and you are a suspicious population because you think we are exploiting you and because you think we are giving you something that you do not know."

I wish now we had more time because we have just invested quite a bit of money



going into our market and trying to find out what they want, trying to find out how we are reaching them and it is a bit discouraging sometimes.

We have not found the imaginative and creative way to do this. I am sorry I have led off on one end which was the leadership element and, "yes", we see that responsibility of leadership. "Yes", we think about it more than any other single element and do you know something? We do not necessarily think about it because we are fearing the CRTC or we are fearing what you are going to say. We do it because we think that is our mandate and as good businessmen, that is the way we are going to make money, if we succeed in doing it. But I tell you right now I was trying to explain—I didn't explain it too well earlier—what is missing now, is the climate of confidence, where the people of our regions look at us with a feeling that we are really in a sense performing a function and not exploiting them; that we are making a profit but that we are really well deserving of that level of profit.

Mind you, in our company this is the exception because we are not yet. We want to convey the same thing to the Government of Canada and the same thing to the CRTC.

Maybe we are echoing the fact. We realize it is a common property. We realize that controls are needed. We realize there are investigations that are needed but somewhere, somehow, we are going to have to work more closely together because it is getting so technically complicated and it is getting so expensive in equipment and that equipment is getting so disarrayed or run down. It depreciates so quickly and we are nervous.

We are not now getting ready in our area to play the role that you expect us as French-speaking Canadians to reflect the true image of the French-speaking community in the other parts of the world when the satellites come. We are not ready for that right now. We need more equipment. We need better people. We need training. We have got the technicians. But we have a lot to do.

I hate to tell you, Senators, what this has cost us in the past year in energy, in money, concern and we do not know the solution.

We recognize your right to have us before you today and we have come openly with the hope, however, that by communicating this, you can then come back with a recommendation that will make it easier for us to work so we can find the climate that has built this

industry; the climate of confidence that will permit us to provide the imagination and the creativity and the spark and drive and the things that you would expect of us.

But I tell you now we are not giving because we are so concerned about licence renewals, concerned about the fact, are we abiding by all the regulations? Are we going to be penalized in this element and it is a delicate balance.

It is an awfully difficult thing. So the only conclusion I want to create here, the only contribution I would like to make is that I hope that as a result of coming here, that the dialogue that you have permitted us to engage in today will continue.

I would hope there would be more and better ways that we can start exchanging views with the members of regulatory bodies.

I hope as a private enterprise businessman that I will have the opportunity of working with members of government, that we do not necessarily take our stands on two positions that are different and say: "I am justified in that stand and can justify it in a court of law", and, "the government is justified in that stand and they can justify it in a court of law but we will never get together".

This is the problem that we face. This is why we have come today. This is why we are working with regulatory agencies.

This is why I personally served on two national advisory councils of our country to try and devote time and effort to get these points across. That is why we spend a lot of time having our executives sit on the CAB, on the ACRTF and on any organization or committee that are formed—so that we can dialogue and get our points across.

We have not been able to get it across yet.

**The Chairman:** In the spirit of dialogue, let me put a question to you which I do put in the spirit of dialogue. There may be an inconsistency in what you say and perhaps you could explain it. You have talked very movingly about the climate of confidence which built the broadcasting industry in Canada.

Would it not also be fair to say, however, that that climate of confidence which built the broadcasting industry in Canada has presumably also built the climate of public distrust which you have also talked about.

**Mr. Beaubien:** I think at that time it was not so much that it had a climate of confidence. It was a new industry. It had no regu-



lations. It was just starting to mushroom and open up. As it developed and the techniques developed and the competition came from other information media—and there have been problems essentially in the organization where controls were necessary...

We say to you today we do not want to abolish controls. We do not want to abolish investigations. We recognize the right of controls. We recognize the right of being accountable to governmental organizations.

What we are inviting is to do it in a climate of—well, I think Mr. Dansereau had a word—rather than a penalty, an incentive. If we could get back to that level, an incentive to people to do more of the kind of things that you think are right rather than saying you are wrong.

**The Chairman:** Do you think that the broadcasters are sufficiently self-analytical or self-critical?

**Mr. Beaubien:** It is difficult for me as a new member of this industry to be critical about this element but I would say that I see, honestly, Senator, more preoccupation on the part of broadcasters to fulfill their mandate and their role than I see in most of the industries and other fields of endeavour I have been exposed to in a relatively short life.

**The Chairman:** Why? Are the broadcasters more dedicated?

**Mr. Beaubien:** No, because of what Mr. Fortier said, because they realize that their sole existence is dependent on something that does not belong to them, something that is loaned to them, something that can be taken away just like that.

It is not easy, you know, to raise money and to go to the public and get them to come with you to invest in a company as we are doing now today, when that licence is granted for only a given number of years.

It takes a lot of confidence on the part of people who are waiting to invest in you as a person knowing it is for only a short term.

Now, that is one of the reasons why broadcasters are very much concerned about this.

The second reason I think is that they live in a milieu, as has been mentioned, and they are very much in tune with real life. They cannot escape it.

I am not making apologies. We make mistakes. We are not perfect. We are looking at

ways of improving. We have made our share of mistakes but I see real dedication in the broadcasters I have met—I am new in the arena—but I also feel I am really concerned right now.

We are away off the subject, I am sorry.

**The Chairman:** No. I think we are very much on the subject. I think Senator McElman, you are on a supplementary question, I am sorry.

**Senator McElman:** We are certainly on the subject. This is all relevant to our discussion. It has been indicated to us that if people care enough about something they will find the means of strengthening and continuing, and—I realize I am now getting into a very involved subject but it is important, I think—is this not an example to Canadians?

We have had testimony that broadcasters, particularly radio, have been the great protectors of the Canadian identity, of Canadian culture. We have had other testimony that they have swamped Canadians with Americanization which is robbing Canadians of their culture and their identity.

Broadcasters, this is all through the briefs and the CAB have suggested that they have protected the Canadian culture; and here we have surely an example where broadcasters within the community are protecting the culture.

Is there not a lesson to be learned here for broadcasters in Canada as a whole, that if they as broadcasters care enough—and obviously Canadians want to be Canadians, not Americans—that if they as broadcasters care enough about the Canadian identity and Canadian culture, that they could make a much greater contribution than they are already making by developing the mood for French Canadian artists to reach a French Canadian audience and so on.

Are things not happening in Quebec to a degree that are not happening similarly in English Canada to protect the Canadian identity.

**Mr. Beaubien:** It is awfully difficult for us to answer about a market that we do not know. There is no doubt that, speaking about our market, we have been very fortunate in being able to help our community, we think in very many ways.

For instance, we have the language that we speak—not at the present time, but our other official language in Canada, is getting a lot

purser and more refined. Influenced by radio and television in our communities, there is a beautiful French that is being spoken which we refer to as "La langue s'est épurée". It is particularly more pleasant and it is particularly more—the adjective is more difficult.

**Mr. Fortier:** Rarified?

**Mr. Beaubien:** Rarified. I think that is one objective.

The second point is that I feel that we are really trying to involve the artists and the local management in the community by selecting as Directors, people who are truly representative members of their communities.

I do not know if you have had an opportunity to take a look at the seven or eight last pages in our brief. We have begun to try and get people who are really involved in the community and we meet with them.

We have about ten companies—although we have not received authority from the CRTC to operate now and we must get authority to operate—we are going to leave those companies stronger for our being there, because we have begun a plan to select individuals and we go to meet and talk with them. We travel to Rimouski. We go with Mr. Dansereau and meet with the boards, so we do try to get involved in these television stations.

We have not succeeded yet, but we are still trying to find a way to get more involvement on the part of our people.

I cannot answer for the other market but we are encouraged by what we find in our own part of the world.

The way we have started is to try to interpret that visage of Quebec, that face of Quebec to other parts of Canada, not only to English speaking Canadians in our community, who are more important to us to earning French and to become familiar with it, but to other parts of Canada.

For instance, through an associated company—we did not discuss it in the brief here because we are a separate company—we supply French-speaking television programmes every week that are played in Hamilton, in the heart of English-speaking Canada and those programmes run once a week. It is called "Bonsoir Copains". It is made in Sherbrooke by Mr. Dansereau and it is a good little programme. They have young-

sters singing French-Canadian songs. We ship it to Hamilton and they put it on, French commercials and all, once a week.

We have got a file of letters not only from French-speaking Canadians but from school teachers, from people in the community who say: "Look, this is a good way to learn and it is quite different."

There are quite a few good songs coming out of Quebec right now.

Well, it is difficult for me to answer about a market I do not know too much about.

**Senator McElnan:** One final question. If the English-speaking Canadian broadcasters were to endeavour to communicate to Canadians, through their programmings that it is important to maintain the Canadian identity and that they, for example, were going to provide some leadership in it, would you expect the Canadian people to give more evidence of their support for such an approach by broadcasters? Or are they too Americanized already?

I do not ask you to answer that as a French-Canadian but just as a Canadian.

**Mr. Beaubien:** You see, the hesitancy I have in answering, Senator, is because I think that we are doing some of that.

**Senator McElnan:** Some of it?

**Mr. Beaubien:** Yes. I think that where maybe we have lacked a little bit is to explain to the people what we are doing, when we are doing it and what it takes to do it. I say the cost of doing this because do not kid yourself, it is very expensive to start originating programming. It is costing us an arm and a leg.

**Senator McElnan:** But the French broadcasters have not backed away from that cost, have they?

**Mr. Beaubien:** Sir, we have had to because let us face it...

**The Chairman:** Which is back to my original point.

**Mr. Beaubien:** There is no source of French-speaking programming in other parts of the world that is available to us. We are faced with it and we are doing it.

Mind you, I think it is a good idea that we are doing it. I think we are developing talent. I think it is a question of degree. I think it is a question of...



**Senator McElman:** You say the broadcasters are doing some of it.

**Mr. Beaubien:** Yes.

**Senator McElman:** If they were doing a reasonable amount of it, would there be any need for the content regulations now proposed?

**Mr. Beaubien:** This is what I am saying. I am just wondering if there are not other ways we can investigate to try and encourage them to do it rather than force them to do it.

I am just wondering if, in our kind of economy or our kind of life today, the incentive is not more appropriate than the penalty. I do not know.

**Senator McElman:** There has not in fact been much encouragement and the industry has been with us for many years.

**Mr. Beaubien:** I have not got the competence to answer that question. All I am saying is that I am hoping that this element that I have described, the climate of confidence which you have helped to set up because you have asked us to talk and we have spoken openly, that you will seriously look and think about this.

I think there is good going to come out of this because the recommendations you are going to make are going to be made with more intimate knowledge of all of us and this is what we welcome and the one conclusion we bring back this past year is that we want to go back in our own communities and start to explain to the people of the communities what we are, what we are doing, how we operate, what are our problems.

We want to take cameras and turn them around and show them how a news room works. We want to show them what it takes to make a program, what is the cost? Where did the idea come from?

We want to tell them how we encourage the development of ideas of programmes as a means of explaining and communicating a little bit more and invite dialogue on the part of our people.

The conclusion: the most frustrating thing is too often we find our audience apathetic, not interested and this is our challenge. We have not found out how to overcome that yet so they can come in and explain themselves and talk to us.

**The Chairman:** Thank you. Mr. Fortier?

[Translation]

**Mr. Fortier:** Mr. Beaubien, a little while ago you drew a parallel between the theme pavilions at Expo which were, we know, a great success, and what you want to do with Télémedia. I couldn't help turning to page 21 of your brief where you say that one of your objectives is:

"Try to achieve an intelligent and reasonable balance, both in station operation and in programming, in presenting the facts of modern life as it is lived. Create a positive approach, pointing towards the future with optimism."

Is that from Expo? Also, you mention your Board of Directors at Télémedia; and it's "Who's Who at Expo"; Mr. Shaw, Mr. Jasmin and Mr. Beaubien. If you can transplant your success at Expo into Télémedia, well, good for you".

**Mr. Beaubien:** That's very kind of you.

**Mr. Fortier:** To get back to this paragraph in your brief, are you talking only about a situation that you have noticed, that you've experienced in Quebec, or are you describing a situation that you find everywhere in America, in English Canada and the United States?

**Mr. Beaubien:** Today, unfortunately, people think that bad news is news. Happy people don't make a story, they say. And we, as individuals, are surprised at the number of bad news items aimed at us in one day. We got the idea of applying that as a strategy. When one of the men in one of our stations took Thursday night's paper and cut it up, putting the good news items in one pile and the bad news items in another pile, 80 per cent of the weight of the paper, if I remember right, maybe not 80 per cent,...

**Mr. Dansereau:** Not far from it.

**Mr. Fortier:** I won't ask you which paper it is because Mr. Dansereau is beside you.

**Mr. Beaubien:** That was the bad news and 20 per cent was good news. We were surprised, when we listened to our own radio and television stations and realized that it was mainly bad news. We are going to try, wherever we can, to introduce a bit of humour to make people smile, but not to change the news.

In the second place, Mr. Dansereau was telling me yesterday about meeting one of the morning men from our biggest radio station and he told him that there wasn't only bad



news, that there were things also that were going well in Quebec. There are problems, but there is good news and confidence should be re-instilled in the people. The people are often over-burdened, tired. We have a role to play; you often see the head of the family, the business man who returns home in the evening. He has worked all day, has had problems and worries, and doesn't want to hear only about things that are going badly.

**Mr. Fortier:** There are some weeklies and even some dailies in Quebec that show that there's a good part of the population that is eager for bad news.

**Mr. Beaubien:** That's right. I think they are completely satisfied these days. I think we can try to give other elements that a good part of the population needs. You mentioned Expo, and I'm mentioning it again. People wanted to go to a place where there was no pollution, where it was quiet, where there were no cars, where there were flowers and where there was music. You could rest and watch the people go by. There was never any jostling or fighting. Never once to my knowledge. Man used to dream. Man as we know him has a different attitude. It isn't normal for man to live in air-conditioned buildings where the air is artificial and the light is artificial. We tried to give him back the climate in which he is most human. And then, without influencing the news, we must give him back an element of joviality, enthusiasm and optimism.

**Mr. Fortier:** Isn't that a somewhat utopian climate? Do you want to dissociate him from very-day life, from reality? Because, as has been said here before the Committee, we live in a real world. Does good news capture a television audience?

**Mr. Beaubien:** I don't think we change the news. What we try to do is to put in an optimistic note, a gay note. It can be in a women's programme. But what there is in the news bulletin, the news, we can't change. I think Mr. Dansereau has a word to say about that, because he is dealing with it at this time.

**Mr. Dansereau:** If I may; I wanted quite simply to add that it doesn't necessarily affect the news. News per se is news. Although it is said, it is still news and we should pass it on. Nobody is ever going to deny that. But it's mainly the climate around the programming, the atmosphere created by the station. As Mr. Beaubien said, the morning man instead of saying: "Well, look, the air is polluted, the

traffic is stuck, there were three murders, there's so much of this, there's so much of that", and also "It's raining; it's a Monday; Madam, you have your housework to do, and besides that I'm in a hurry for the programme to end." It's possible to say something else.

**Mr. Fortier:** Continue your example, and tell us what he should say about the temperature, for example.

**Mr. Beaubien:** He can announce that tomorrow it's going to be beautiful.

**Mr. Fortier:** 50,000 cars have made the trip between Montreal and Quebec and there hasn't been any accident. What's he going to say about that subject?

**Mr. Dansereau:** Do you know that if there's only one weekend accident it's already a record, it's improving? It's much more encouraging. Instead of saying: "There's been an accident, there's been a death, the fellow was plastered, and it was ugly to see."

**Mr. Fortier:** I agree. Now, what about air pollution?

[Text]

**The Chairman:** Perhaps I could ask about Les Canadiens missing the playoffs. Is that good news or bad news?

[Translation]

**Mr. Dansereau:** In Quebec, when Canadiens lose, it is bad news. There is no doubt about it.

**Mr. Fortier:** I saw a recent news item of Mr. Bourassa in *La Presse* which said that, had he been in power, Canadiens would not have lost.

**Mr. Dansereau:** This is simply to explain that what counts is the global climate of a station. It is to try to make things more encouraging without wishing to change life as it is—at least to show certain aspects of life. One hears of all kinds of problems; I was just yesterday telling the chap of whom Mr. Beaubien was talking: "Listen, there must have been one good thing that happened yesterday in Montreal." And I added: "Why didn't we try to find it? Why didn't you speak more about it?" Simply this. Let us begin by what we call "positive thinking".

**Mr. Beaubien:** This is not in the news. It is in the commentary, in the way of presenting things. This is the way that creation of a

climate of trust among individuals will be helped along.

**Mr. Fortier:** Do you think that there is a radio or television station in Canada which does this?

**Mr. Dansereau:** I think that there are several which try to do this. There are those which more or less succeed.

**Mr. Fortier:** For the enlightenment of the Committee, without speaking against the others, who are those, in your opinion, who succeed the most, because this positive climate is a point of view, directed towards the future of which you speak so eloquently. Have you tested it?

**Mr. Beaubien:** I can tell you that CHLN, in Trois-Rivières, started doing this. The other day, I was listening to the news on CHLN, and the announcer said: "Ladies and gentlemen, I regret that the news was not very good, today; we'll try and do better tomorrow." I can tell you that in a specific case, station CKAC which we manage in Montreal, has taken as its attitude to try to have an encouraging element in certain programmes, especially in serious programmes—things like drugs, serious community problems; that it not only be pitfalls, so to speak, that there is hope, that there is a solution to be found for these problems. This is not in the news; it is found in the programmes.

**Mr. Fortier:** It is still part of information. Is it at the information level?

**Mr. Beaubien:** No, it is a programme which takes place during the day for the housewife where there are commentaries on the religious point of view, on drugs, where there will be guests invited who speak. It is not in the framework of the news; it is in the framework of what we are doing. There is a kind of fragmented programme, which is a programme directed towards joy and where there are commentaries every week only on good news.

**Mr. Fortier:** Mr. Beaubien, these serious programmes you were talking about quickly a little while ago; I'd like to return to this subject. These are the serious programmes where you use your influence as broadcasters, where you influence your public, aren't they?

**Mr. Beaubien:** I think we rather reflect it, Mr. Fortier. This is the point which was brought up a while ago by Senator McElman.

I think we do two things. A while ago, I spoke of "leadership", where we must try, most of the time, to reflect the climate. Members of the public are invited to come to our studios, to speak to us themselves. Our task is not to preach to the public. Rather, our role is to create a means whereby different opinions in the community will come to be expressed so that the community speaks to itself. This is what we call the third dimension of the community. Our task is to give the news. We have the duty to listen to you on "open line" programmes. We equally have the duty of inviting you, as business men, and others from the labour movement, so that you hold a discussion while we play the part of moderators. We have the duty to bring students, professors, doctors, nurses, patients, priests and laymen in a community so that they can talk among themselves.

**Mr. Fortier:** Do you not also have this role of editorializing of which you speak on page 23 of your brief? Do you not also have this role of editorializing and must you not also express the thought of the broadcaster?

**Mr. Beaubien:** We can come back to this. Mr. Dansereau can speak to you, for example, about what our policy is at the present time. First of all, facts are sacred. All our stations give facts. Secondly, we have information forums where certain men are invited to give their points of view. These are personal comments, and in certain cases, there is the editorial which reflects the editor's thought. I must tell you that, in general, Télémédia is essentially a decentralized company. We do not have a general policy. Our stations operate differently from region to region. We wish to continue this as it is. We think that one day when a master company will begin to dictate a point of view, whether it be head office at Place Ville Marie or elsewhere, our information and editorial policy for the different regions, it will no longer reflect the community in which it operates. It will no longer fulfill its role. I, therefore, tell you that our policy is essentially decentralized, and that we do not have in Télémédia as such any editorial policy.

**Mr. Fortier:** But doesn't the management company have to insist up to a certain point that within certain parameters—to use a word which Mr. Desmarais used before this Committee,—...

**Mr. Beaubien:** Mr. Desmarais!



**Mr. Fortier:** Paul. Within certain editorial parameters, there was a free hand, but that, in any case, the parameters are set by the owner?

**Mr. Dansereau:** Listen. I do not know what really is the policy of Mr. Desmarais or of *La Presse* from an editorial point of view. Besides, I don't think we are here to discuss this.

**Mr. Fortier:** No, this is not my idea.

**Mr. Dansereau:** Our own policy is that, basically, Télémedia as such is in fact a management company. Télémedia is a management company only which operates stations which are real entities, which do not have editorial policies either within parameters or internally. We simply say: "Listen, you have regulations; first you are obliged to follow the Broadcasting Act, you have the CRTC regulations". The rest is done locally, whether it be in matters of programming or in commentaries, or editorials, and it is decided locally, so to speak, where the station is situated. We can even tell you something: I believe that in all our stations, there is only one which really broadcasts what we could call an editorial. In our opinion, an editorial represents the thought of the company. The balance of our stations present commentaries. CKAC can establish alternative suggestions and other things in other places. In this case, it is really the opinion of the person expressing himself. In each case, if people do not agree with us, if they do not agree with the opinions expressed, we try to leave them the opportunity to contradict the one who has just spoken, whether through "open line" broadcasts or through another public forum type of programme.

It therefore is best summarized thus: that Télémedia, as such, has no editorial policy. Where there might be editorial policies, these are strictly determined in their locality by the general manager of the station and the local board of directors. And where there are commentaries, well, as long as the person sticks to the boundaries established by common sense, as long as it does not become libellous, well, it's his opinion.

**Mr. Fortier:** Yes, this answers my question.

*Text]*

**The Chairman:** Thank you, Mr. Dansereau. May I say to the Senators and others I want to adjourn in five minutes. It is now five minutes to one. I would like to adjourn this session at one o'clock.

Do you have other questions, Mr. Fortier? Can you complete them in five minutes?

**Mr. Fortier:** Yes, well I will attempt to.

**The Chairman:** I will suggest, Mr. Fortier, you are going to do more than attempt. We really must adjourn at 1.00 p.m.

*[Translation]*

**Mr. Fortier:** You see, it is not only from the CRTC that directives are received.

Mr. Beaubien, after your presentation of March 11 before the CRTC, Mr. Claude Ryan published an editorial in *Le Devoir* on Thursday, March 19, 1970. The editorial was entitled: "A public empire for a song." I have reason to believe that you have read it. I wonder if you could,—in fact, during the next five minutes, I am offering you the opportunity to answer more specifically to the third paragraph, centre column, here where Mr. Ryan says, and I quote:

There are within this generous project which is offered to future share subscribers elements which are so staggering that it is doubted that such a project is possible, unless it is submitted that unidentified interests have stated themselves to be disposed to offer considerable guarantees to subscribers.

Could you comment on this?

**Mr. Beaubien:** In French or in English?

**Mr. Fortier:** The Senators are aware of this editorial.

**Mr. Beaubien:** I have tried, sincerely and objectively, to deliver a message with regard to the people of Quebec and Canada, about what the facts were in this situation—I gave them all. I met Mr. Ryan on that same afternoon on which he wrote this editorial. I met him to tell him that I believed that he had not been completely informed about the facts because he had not attended this conference. I must tell you, openly and completely, and perhaps—I ask myself how I can communicate the truth.

The truth is that there is no one, secretly or indirectly, underneath this transaction. The truth is that a group of French Canadians got together, put their capital, also found companies ready to place their money to make a first payment expecting to purchase radio and television stations, which in large part, were losing money last year, which was not interesting. I can tell you that these facts were not reported, that these companies were pressed



for time. And, secondly, that personally, to buy that company, not only must we make certain substantial loans, but we must devote our life, personally, and myself, personally, for at least ten years in this situation, if I do not go to public financing. I must remain there; I must undertake to remain in that company and not take up another career to guarantee it. I can only tell the Honourable Senators that there are subscribers of shares in this company, who are among the public; the list is not yet official. Unfortunately, I cannot yet announce them, because my subscription is not yet filled. I can tell you that it will be well received by French Canadian businesses in this field, who are ready to begin again investment in a company such as ours. I can tell you that there are no unidentified interests who have declared themselves willing to guarantee subscribers considerable securities other than those who will be revealed when I have finished completing the number of persons who will be private subscribers. Power Corporation has absolutely no involvement from the management, voting, ownership, or influence point of view in our company. They are in no way interested. I did not even succeed in convincing them that one of them remain on the Board of Directors of our company. If you allow me, gentlemen, I can show as proof of this something which Power Corporation has just published in its last offer of "Consolidated Bathurst", and it says in it—and it will be revealed in its financial statement next month,—and it is stated in three places; allow me to read it. It is found on page 22 of this offer.

"On December 4, 1969, Trans-Canada concluded an agreement with Philippe de Gaspé Beaubien in the name of a company subsequently constituted, Télémedia, (Québec) Limitée, with a view to the purchase by this latter company of all interests of Trans-Canada and Télémedia in matters of radio and television."

This statement is signed by P. Ross, their auditors.

Secondly, I find at page 27 of the same report the portfolio of Power Corporation which is clearly indicated, authorized by the auditor listing participation of Télémedia under a column which is marked: goods and debentures, non-preferred shares, non ordinary shares. On page 28, the following page, where there is the explanation of that matter, there is one paragraph. Allow me:

"In conformity with the terms of an agreement dated December 4, 1969,

Power Corporation agree to sell at its cost price, certain assets in Télémedia Incorporée."

And it is only "some of the assets" because they were not all purchased. They were purchased from Télémedia Incorporée in return for debentures of Télémedia (Québec) Limitée. This transaction is subject to CRTC approval. Therefore, I must frankly and openly tell you that Power Corporation—and perhaps I will not succeed in explaining it—has absolutely no management, no vote, no participation other than as lender to the company. And we are anxious to be able to repay them so as to prove that a group of young men, as we are, are able to do something in our own sphere. I find it a pity that it was not possible to find words to explain this, and I conclude by saying that I believe that all those who think differently are misinformed, and those who express themselves otherwise in informing the public, inform them wrongly. "It's not the truth". That is what I have just told you.

**Mr. Fortier:** One last question. Allowing for present projections, and supposing that the CRTC grants you the permit you are asking, when do you expect to go to public financing?

**Mr. Beaubien:** As soon as our financial position allows us to show reasonable enough and interesting enough profits to interest our people to participate,—as soon as it will be interesting to participate in our company. I hope it will be soon, because already in April, the majority of companies which operated at a loss will operate at a profit with the exception of one. And soon the need will be felt inside the companies for additional capital.

[Text]

**The Chairman:** Thank you, Mr. Beaubien. May I just say to you and your colleagues that I hope we had made it clear by our questioning that the committee is indeed mindful of the very special position you occupy vis-à-vis the CRTC in these days while you are waiting for a decision.

We have tried to be mindful of that in our questioning. As I said earlier we want you to know that our interests in Télémedia (Québec) Limitée is particularly in the way in which it fits into the broad media spectrum not only in Quebec but in all Canada.

I think your presentation has been particularly effective. I would like to congratulate you on what I regard as a most compelling

presentation and I have been impressed particularly by its optimism.

We are grateful to you and in expressing my gratitude to you personally, I hope I can also express it to your colleagues and to the people who are with you here today and I say to the other gentlemen, thank you so much for coming.

May I say to the members of the Committee the next hearing is at four o'clock this afternoon, Western Broadcasting Company Limited. The meeting originally scheduled for 2.30, Winnipeg Channel 12 Ltd., has been cancelled.

Thank you.

—Upon resuming at 4.05 p.m.

**The Chairman:** May I perhaps begin by reminding the senators that we will meet in this room tonight at 7.30, an *in camera* session for half an hour. The Senate sits at eight o'clock and the committee is not sitting this evening, as I am sure you are aware. If we could meet here at 7.30 p.m. for about half an hour, we will certainly adjourn in time for the Senate at eight o'clock.

The brief we are going to receive this afternoon is from Western Broadcasting Limited. Seated on my immediate right is the President, Mr. Frank Griffiths. On my immediate left, Mr. William Hughes, who is Executive Vice-President; and seated on the extreme right, next to Mr. Griffiths, is Mr. Warren Earl Barker, who is News Director of CKNW.

Mr. Griffiths, the brief which you prepared was received, in compliance with our guidelines, several weeks in advance. It has been circulated to the Senators and it has presumably been studied by them. We would like to all on you now for a brief opening statement. You can talk about the brief or other matters which may be on your mind and following that we would like to ask you questions on your oral statement, on your written brief, or other matters. Any questions we ask that you wish to refer to either of your colleagues, please feel free to do so. Welcome.

**Mr. Frank Griffiths, President, Western Broadcasting Limited:** Thank you, Senator Davey, and members of the Committee. My first observation is, of course, it is very pleasant to be in Ottawa this week. It is really delightful. Mr. Hughes has been here a few days longer because, as many of you are aware, the CAB had their annual meeting over the past weekend. It looks as though Mr.

Hughes will be here longer because the CRTC meetings appear now to be going into the middle of next week and we have an appearance before them towards the end of their agenda.

The submission which we did file with you speaks particularly of our philosophy; tells you our history and speaks of our philosophy in broadcasting. We are not in any sense in the print media and hence are not so closely involved as many of your groups have been. From a broadcasting point of view I can say to you this: that our overriding principle is commitment to the community in which we are fortunate enough to be privileged to operate, and of course in broadcasting it is a privilege to operate.

The submission which we have filed, I think, sets forth quite generally our views on news and news dissemination and responsibility for news. We are somewhat at a disadvantage in Vancouver at the moment in that the accounts of the appearances before your committee over the past eight or nine weeks have been somewhat limited because we don't seem to have very much in the way of daily newspapers at the moment; so if anybody had said anything very sensational we would be aware, but otherwise perhaps we would not be aware.

With those few remarks I would say that really we are here to answer questions and if we can be of assistance we are pleased to do so. Thank you very much.

**The Chairman:** Thank you very much, Mr. Griffiths. I think the questioning this afternoon will begin with Senator McElman.

**Senator McElman:** Mr. Griffiths, you have mentioned the lack of newspapers. In this vacuum of print, what steps have you taken to extend, expand, change your news coverage?

**Mr. Griffiths:** I would like Mr. Hughes to answer that.

**Mr. William Hughes, Executive Vice-president, Western Broadcasting Limited:** Senator, I would like to make an opening statement with regard to that and then turn to Warren Barker who is our news director. We anticipated a question like this and that is why we took the time to bring our news director here so he could talk to you from an operational standpoint.

CKNW has, since 15 years ago, maintained probably one of the largest newsroom and



news services in the country. We have the combination of Standard Radio—we have their news service across the country—and our Ottawa correspondent who is here this afternoon, Miss Empringham. This is one of our services.

We have been deeply involved in information news for many years. We have pioneered news every half hour on our station. We are not just a “rip and read” organization. It is compiled and presented on the station each half hour. On the half hour it is usually five minutes, but we have always stayed with long summaries. We do 15 minute summaries at eight o'clock in the morning and a 15 minute summary, including sports, at noon. A half hour summary after six p.m. and ten minutes at 10 p.m. That has not changed over the years because we have been involved in news. The thing we have done has nothing to do with the newspaper strike and...

**The Chairman:** Excuse me. Is that the same policy at your other station or are you talking only of CKNW?

**Mr. Hughes:** Because of its size CKNW has an emphasis on news. However, we have encouraged and assisted news development in the Winnipeg operation. They have also joined the Standard Network. For instance, they have a newsroom but because of the size of the market, the Winnipeg operation is not as comprehensive, I don't think, and as large as the Vancouver operation.

**The Chairman:** I didn't mean to interrupt. Go ahead. I just wanted to be clear on that.

**Mr. Hughes:** We have also engaged in other activities that radio stations in Canada are becoming more aware of. Mr. Barker now conducts a very fine business report every morning at 8.20. We also have engaged a well known columnist in Vancouver, Mr. Jack Wasserman, on a continuing basis. He comments three times a day. I was talking about 15 minute news blocks and we are now extending into half hour blocks. We were doing this before the newspaper strike.

In addition, we have invested over the years in what I would think is one of the highest paid commentators in the country, and one of the best newsmen in Canada today, Jack Webster. He is on the air from 9 a.m. until 12 noon every day of the week, Monday through Friday. He is on again from 6.30 to 7.15. I also brought in a man who wanted to train and who has a wide background in radio and television in San Fran-

cisco but wished to come to Canada. He is in his second year now; he has been a year and a half with us, he is on a comment program. He is not competing with Webster; it is a different type, more guests and in-depth and is on in the evening from 7.15 until 9 p.m.

Now with that type of coverage we really didn't need to increase our coverage because we felt we were doing a very wide coverage in any event.

With that comment I think Warren could take over and explain some of the features that we have added that we felt we could. For instance, obituaries are a real problem because I don't think it makes for very happy listening. We don't carry obituaries. I know this is a problem because people do have trouble in communicating in that area of births and marriages and other things like that. We feel that just listing off names is not particularly a function of radio.

**The Chairman:** What is the name of the 7.15 program?

**Mr. Hughes:** Art Finlay.

**The Chairman:** Is that a phone-in program as well?

**Mr. Hughes:** To a degree, except he does much longer interviews with in-depth studies with people rather than just straight phones. His latitude is that we don't want a repetition, say, of what Jack Webster has been doing. He is taking a completely different tack. I have to be careful with this because Webster has some terrific people on.

I know that Don Jamieson was telling me—the Minister of Transport—that he enjoys being on with Webster more than anyone else in the country and he is going to be on this coming Friday. We have had, in recent weeks, Mr. Kierans. We had a lot of unrest in our post office in the Vancouver area and we had Mr. Kierans on a direct line from Ottawa right to Vancouver and this was a very interesting program.

These are things that come to mind quickly because we are doing this kind of information dissemination all the time.

**Mr. Fortier:** Could I ask a question before we go to Mr. Barker? How did CKNW come to put this emphasis on news? Was this in order to answer a challenge from a competing station or was this because you felt your listeners wanted more news?



**Mr. Hughes:** Mr. Fortier, my background is news and I think I was orientated to this information dissemination. I gradually felt that when I became manager in 1954—we had pioneered in western music when we came on the air in 1945, but gradually I noticed the emergence of news and I have been a strong advocate of terrific participation in news and in dissemination of information.

We have spent large sums of money. It is too bad we can't take you to our newsroom and show you the electronic advances that we have made so that we can do this. People say to us "How can you put on conference calls and how can you bring in your service from Ottawa to Toronto cleaner than anyone else?" It is because we have taken the time to put the equipment in and because we are in the news business and communication business. Music really is not a too important aspect of our station.

**Mr. Fortier:** So this emphasis came into being because you felt that there was a void in the news coverage on radio in the community in Vancouver?

**Mr. Hughes:** No, I didn't feel that. Maybe I was ahead of my time, but I felt that the electronic medium was going to come into its own in communication with people.

**Mr. Fortier:** Did the advent of television have anything to do with that?

**Mr. Hughes:** A lot of people waved the flag and said we were going out of business. There was some way we had to fight back. I remember when I first came into the broadcasting business, 40 per cent of the people in Vancouver listened to radio stations in Seattle. No one listens any more because radio is Canadian. Maybe those stars are on television now. We had to survive somehow and survive we did through emphasis in news and information. You have, in our brief, some of the amounts of money we spent. It is by far the most expensive portion of our operation and the one of which we are the proudest.

**Mr. Fortier:** Do you envisage a day when CKNW may become an all news station?

**Mr. Hughes:** No, I don't. First, I don't think Vancouver is ready for it. I was in Los Angeles about three or four weeks ago and listened to KCBS and I have heard the news station in New York. I think it is interesting but I don't follow it as a steady diet.

I will tell you my impression of stations in radio. I don't think there is any loyalty to a

television station. I think people take the schedule and go down it and say "I want to see 'Laugh-In' tonight, that is where it is. I want to see something else tonight and that is where that is." In radio it is different. We have emphasized our personalities; we have emphasized our news people. We are welcome in the home and we are part of the home. Three of our five people, that we would call key on the air in the entertainment section, have been with the station for 12 years. Warren Barker has been with the station since 1952; Jack Webster has been with us 10 years. We have kept our people and we publicize these people, and they are welcome and known in the home. I think this creates loyalty to radio.

**The Chairman:** I think we should turn to Mr. Barker.

**Mr. Warren Earl Barker, News Director, CKNW:** My personal contribution to the vacuum of newspaper news, much to the chagrin of our traffic department, is to run two minutes over in every newscast instead of one. That involves about nine newscasts a day.

But specifically and seriously to answer your question: what have we done to increase our news coverage? We have retained three of the reporters idled by the *Sun* and *Province* shut-down, not on a continual basis but a spot basis to cover assignments that have been conflicting with what our own staff have been assigned to, or to give extra coverage as required. They have been out on an average of perhaps five to seven assignments a week, particularly in the evening period which we find the most difficult to staff heavily. Whenever a meeting, or hearing, or function of some sort occurs, that we cannot staff with our own people and which has been drawn to our attention, we have sent the newspaper people out on our behalf.

This has been the gist of our efforts to increase our variety and coverage. Now the type of assignments these have involved—one of the newspapermen spent a week at Chilliwack covering the hearing on the deportation case, a special inquiry. The final report has not come down on that. Increased coverage of municipal councils, and that sort of function. That basically has been the increase in manpower and our endeavour to cover things that our own staff may not be fluid or large enough to handle at that particular moment.

**The Chairman:** How have you covered as a news story the absence of newspapers?

**Mr. Barker:** We have not been, shall we say, performing a regular analysis of how the market or the area has been suffering as such. We have endeavoured constantly, at considerable cost and phone charges at least, to keep adrift of any tendency to resume negotiations.

**The Chairman:** That is what I was referring to.

**Mr. Barker:** I have spent more money on calls to Colorado Springs, the International Union's headquarters, than I hate to mention. We have been sitting on top as best we can and whenever there is anything that looks like a resumption of negotiations, we have done our best to find out and report it. In other words, we have been treating it as the biggest labour story on the market.

**Senator McElman:** What has happened to your audience rating?

**Mr. Hughes:** The rating is due out this afternoon, Senator. I haven't heard. We were asking some of the broadcasters if they had heard. That covers the second and third weeks of March, which will be very interesting. It is due out today. I would like to comment...

**Senator McElman:** Could you let us have that?

**Mr. Hughes:** Yes. It is the BBM Service.

I would like to make a comment. Mr. Gray was commissioned to come to Vancouver to make a survey. I found the reports that I read in the *Toronto Globe and Mail* kind of interesting. Certainly I would like to go on record as saying that Vancouver is not a depressed and is not a breadline situation, or anything like that with the newspaper absence. I think that newspapers are an important part of the community and I think that Vancouver and environs is surviving without the newspapers. I think that this committee should remember that the stringent credit controls, tight money and unemployment can all be cited as reasons for some turn-down in the department store sales in Vancouver. I would refer you also to the City of Victoria, 72 miles away, which is served by two newspapers uninterrupted by the strike. I think any survey will show that their department store sales are down.

I repeat, the newspapers do tend to be an important part of our community but I would

like to say that we can survive and we are not dying out there because the newspapers are not published.

Newspapers do a job and radio and television have done a tremendous job in the Vancouver market in complementing the newspapers and in taking over and communicating with the people. The advertisers—certainly we cannot think of coping with the volume that would be available and this is also actually the time of the year when radio stations traditionally are going into a better time of the year. If they are going to have a strike January is the month to have it for radio. Certainly we are carrying a full log in advertising, and the community is thriving. I am happy to make this point.

**The Chairman:** Do you feel that Mr. Gray gave the committee an unfair impression of the situation?

**Mr. Hughes:** I am biased; yes, I thought so. I think he went to advertising agencies and asked them and of course they are going to say "We really feel it" because they are not placing advertising in the newspapers and they are not getting the commission. Of course they are going to feel it. As a working broadcaster we have done a job. If he had gone to Victoria and the research is borne out, it will show that Victoria and other markets are suffering and they do have newspapers.

**The Chairman:** We might come back to that and talk about it in a few minutes.

**Senator McElman:** Have you developed any different type of advertising for new customers that have come to you and that perhaps will carry on in consequence of this shut-down?

**Mr. Hughes:** That is kind of difficult to answer. I think that the major complaint that we have is that broadcasting, radio and television, really are unable to satisfy a very important part of the daily life and that is the want ads, the classifieds. We don't lend ourselves to that type of advertising, and this is the complaint that I hear from advertisers that I have talked to. That is the inability to be able to use classified advertising.

A lot of advertisers felt they were dependent on print to sell, such acts as the *Le Zeppelin* and other different acts coming to town; they thought they had to depend on newspapers very largely, and of all things not use radio, which is primarily entertainment.



think these people have found out that radio really does sell people who are coming in to entertain. I have talked to a number of people in Famous Artists, who are the largest promoters in the Vancouver area, and to quote them they are more than pleased and say they are going to be very strong radio advertisers in the future because they have been playing to sold out houses.

I would give you a couple of other examples. The boat show came to Vancouver right at the start of the newspaper strike and they had the largest boat show we have had in the history of Vancouver. One hundred and forty-eight thousand people in ten days. What share of the credit would you give to radio? The share I would give is the substantially higher numbers that turned out. I would like to talk about the du Maurier international ski races that were on from February 26 to March 1. The reaction from the promoters was: "Far better than we ever expected."

The Five-year Plan in Vancouver went through with 60 per cent approval. The mayor was ecstatic. He couldn't believe that it could be done without newspapers. It was done and went through by 60 per cent. At the same time, the same day, I believe, West Vancouver put forth a school board by-law, which we would ordinarily think would automatically pass because anyone who is really interested in schools knows it is on and gets out and votes. The cons in this section maybe would not know about it and would not get out and vote. The West Vancouver school by-law was defeated because radio, primarily, and television, secondly, were able to explain the issues and the people did get out and vote. I think they had a very large turnout. There was a feeling in the municipality against it and it showed itself.

**The Chairman:** As a result of what you were saying, do you think that when the newspapers begin publishing, hopefully some day soon, that they will have lost a great deal of advertising ground and there will be advertisers, traditionally newspaper advertisers, who will now remain in radio?

**Mr. Hughes:** No. I think there will be some advertisers who will remain in broadcasting to a larger extent than they were, but I am sure the department stores will certainly revert.

**The Chairman:** I was going to ask you specifically about department stores. Are they using radio in a big way?

**Mr. Hughes:** No. They have been extending over the last five to ten years into radio very gradually. I can remember a few years ago when the T. Eaton Company did not do any radio advertising and now they are substantial radio advertisers. The biggest breakthrough in radio in the last three years has been Simpsons-Sears who formerly used no radio whatsoever. I believe this year they will spend between \$60,000 and \$80,000 with our particular station, and this is an important breakthrough. I don't think that radio, being very honest, can take the place of the newspaper in department store advertising. We can complement it, we can be a last minute reminder, but when the lady gets the 99-cents-day sale page she runs her fingers down and this is really shopping by press and I think this will continue.

I think that if the history of the United States is borne out during the newspaper strikes there, I feel that the readership of newspapers and the circulation of the *Vancouver Sun* and *Province* will suffer. I think that young adults, young marrieds in the suburbs and urban areas just living outside the downtown core where you cannot pick up a newspaper on the street, I think a lot of these people will not return to purchasing a newspaper every day. I have heard a number of comments along this line. They will still probably take the weekend paper to get the television listings, but I think the newspapers will have to be very energetic to get their circulation back in the suburbs.

**Senator McElman:** Mr. Hughes, you mentioned a few moments ago that when you began in broadcasting about 40 per cent of the Vancouverites were listening to U.S. stations?

**Mr. Hughes:** Yes.

**Senator McElman:** Comparing it today and leaving out your newscasts and your talk programs, Jack Webster, and so on, how do you differ from the American stations?

**Mr. Hughes:** I think, Senator, we have taken many of the ingredients of the American broadcaster and we have Canadianized them and presented the American expertise and their production and records and what-have-you with a Canadian flavour. It is done by Canadians for Canadians and they appreciate it.

**Senator McElman:** Could you give us examples of this Canadianization?



**Mr. Hughes:** Well, all of our people, for instance, the 70 people on our station are all Canadians and our talk of events in Canada and also elsewhere around the world is with a Canadian attitude. I know, I can appreciate that what you are getting at is the music content.

**Senator McElman:** Broadcasters talk about the sound today.

**Mr. Hughes:** I think that music is international and I think that the Canadian people now are not as dependent on radio for music as they were a few years ago because we have cassettes, we have records, we have tapes, we have cartridges. We have just about everything. The children can tape their own records off the air and play them to their hearts' content on these small Sony recorders. I don't think they are dependent on the Canadian radio stations for music as they once were.

We have used a lot of American ingredients in our programming, but we have Canadianized them.

There has been talk, I notice, in one of the questions here, about the labour unions. They say: "Radio stations have been the chief agents and purveyors of imported programs. They have brought them in because they are cheap, popular, and readily available." I know of no Canadian station that brings in American programs in any large quantity. We certainly don't air any. We have no syndicated American programs on our radio station and I can't remember when we did have. The only one that comes to mind that a number of stations run is "Art Linkletter with the Kids" and I think it is a terrific show. That is what I call a syndicated American program and we have none. They have all but disappeared. Back when the Senator was in broadcasting ...remember when we used to have Ma Perkins, Guiding Light, and Backstage Sally...

**The Chairman:** You are dating me! Ma Perkins? I don't remember that at all!

**Mr. Hughes:** These were American programs that came in on a disc in those days and they have all disappeared.

**The Chairman:** I wonder if you know, in your experience, of stations which are programmed in the United States, or by people who come here from the United States, or whose music format is established in the

United States; indeed sometimes actually the records are selected in the United States. Is there much of this to your knowledge?

**Mr. Hughes:** I think everybody goes on those kicks every once in a while. I went into the FM operation just three weeks ago. A year ago I had taken a tour and thought I would maybe use an American program service to get it away and off to the races. I didn't. We produced it all right in our own studio because I found out that our men could relate to the Canadian atmosphere far better and we chopped the service completely. We do all our FM programming right in Vancouver.

**The Chairman:** Is that true of all radio stations in Vancouver?

**Mr. Hughes:** I would think so. I think the odd one has brought in an expert—that is a man who goes 75 miles from home. When you cross the border you become a real authority. I don't think it has worked. I know some of them have come from Toronto and Montreal and it doesn't work. We don't try to program our Winnipeg station because their community is different than Vancouver and there are features of the Winnipeg life that have to be presented that don't make sense in Vancouver, and vice versa.

I remember the time I went to Winnipeg and at first I didn't understand why everyone had their Christmas tree up on January 6. We had taken ours down on New Year's Day. It is a different market, there is a high Ukrainian population there and the 6th of January is an important day. You have to relate these things. I give you that as an example.

I don't think the American programmer can come in and program in Canada. I think it happens every once in a while, and it goes like the seasons. It is not something that is happening in any wide degree.

**The Chairman:** Mr. Fortier, do you have supplementary?

**Mr. Fortier:** Yes. Coming back to the music aspect of your program content. You say the music is international in flavour, and I certainly cannot take issue with that, but you know what the CRTC thinks about internationalism of music, and you are well aware of their proposal of a few months ago about 10 per cent Canadian music content on radio. Would CKNW have trouble meeting the Canadian content?

**Mr. Hughes:** Yes.

**Mr. Fortier:** Would you expand?

**Mr. Hughes:** Yes. I am appearing one week from tomorrow and I am going to oppose it.

**The Chairman:** I think in all fairness to the witness, in view of the fact he is going to appear there and while we would be delighted to know what he is going to say, if you feel you would rather wait and say it then...

**Mr. Hughes:** Well, I have informed Mr. Jeanu...

**The Chairman:** He has some idea?

**Mr. Hughes:** Yes. I think it is nothing original with me. I think it is a fact.

**The Chairman:** We would be most interested but I don't think you should feel that you have to say something that you are going to say next week.

**Mr. Hughes:** Well, it is a good chance to rehearse! The thing that bothers me about the 30 per cent rule is this: many Commissions have gone into radio broadcasting industry over the years, starting with the Aird Commission and up through to the last Fowler Commission, and they have had serious complaints, I think justifiable, of the sameness and repetition of music on radio stations. In other words, they used to say that they are just like a big juke box grinding out recorded music. I think that was a complaint and a valid one.

I think that things have changed a great deal in the last few years in Canadian radio. Program experimentation, especially by many of the metropolitan radio stations, has resulted in a wide variety of programming approaches and attempting to supply Canadians with interesting, entertaining and informative programs. Talk-back programs, news in depth, editorials, commentaries are just a few of the new ingredients put into Canadian radio to take away what I call the juke box sound. In metropolitan markets, specialty type radio stations, satisfying the demands of listeners, have come into being. I am speaking of the top 40, teenage appeal stations, middle of the road concert music stations, classical music stations—each one appealing to a certain segment of the market.

The rule that the CRTC is discussing and considering implementing, I think will require a diverse program development. I think through this forced play music regulation, the

Commission is almost encouraging a return to the juke box. The requirement for all stations to draw from what will be a very limited supply of music to obtain 30 per cent of their music selection will force into existence a sameness of sound, a repetition of selections, that I think will start us back to becoming juke boxes.

The thing that bothers me even more is that if people, Canadians, don't hear what they want—remember Canadians from habit are independent and when they want it they want it—they will go to where it is, no matter how far they have to go. If they want to hear the latest music, a full diet, they have cassettes, and they have records, and they have tapes, and most of all they can tune to American stations and go to them, especially in the border areas. Seattle has five 50,000 watt stations beamed right towards Vancouver.

I think there should be, however, an encouragement in the creation of the Canadian music industry, and broadcasters certainly should be involved. But I think that broadcasters should not be saddled with the entire responsibility. I am going to give you just a couple of things that have happened in Vancouver. I want to skip through this.

Tom Jones is coming into Vancouver in about three months and I understand that he will take \$80,000 out of Vancouver after that one night performance. Tonight here in the Ottawa Civic Auditorium Led Zeppelin is here and I imagine, if it is any repetition of what happened in Montreal and Vancouver two weeks ago, the place will be jammed—and rightly so, they are good people—but this money is going right out of our country except for a rather minor tax situation.

I think that if the CRTC is proposing a 30 per cent music quota on the broadcasters that if we really want to get into the Canadian music business, if it is that important, then I think other areas should also be involved, such as the people who bring in these artists who take vast sums from the country. How about one in three have to be Canadian and see how that works? Or 30 per cent of Tom Jones' take has to stay in Canada to encourage the Canadian music industry and the recording industry. I think that if all of us work together we will be able to bring the Canadian music industry into being and it will be one that can compete with the United States.



**Mr. Fortier:** How would you translate this encouragement into any sort of positive action by radio stations in Canada?

**Mr. Hughes:** Gradually, Mr. Fortier, but I think by putting a percentage on the whole idea it is wrong.

**Mr. Fortier:** Well, let us say I agree.

**Mr. Hughes:** Gradually, even without any percentage or any rule, Canadian stations are playing more records.

**Mr. Fortier:** Do you have figures on that for CKNW?

**Mr. Hughes:** We have about 7 per cent of our library that is now Canadian compared to what was even lower. It is gradually coming. Remember the vast majority of the music today published in Canada is by teenage orientated groups, rock groups. We are a modern station but we don't play rock and roll music as such. So this would be doubly hard on us. Most of the product is of teenage orientation.

Now the good music stations—I think CKPM is one here and CHQM in Vancouver and CHQR in Calgary are going to have a very difficult time because the number of selections in their segment, such as good music, is just non-existent. They will not be able to make it. What are they going to have to do? What are we going to do? We will have to play more rock and roll music to satisfy the 30 per cent rule and it is going to create a sameness.

**Mr. Fortier:** Did I read into the 7 per cent of your library also that 7 per cent of playing time on CKNW is devoted to Canadian records?

**Mr. Hughes:** It fluctuates. For instance, a well known group called The Poppy Family, who I believe are presently on their way to Japan from Vancouver, they had a hit which was making every chart and in that period, although we don't name them number one or number two, that tune got a lot of play. Gradually we are finding more and more Canadian selections are coming into being.

**Mr. Fortier:** As I am sure you know, there is a very substantial number of French Canadian records being cut in the Province of Quebec. Do you make any use of them on CKNW?

**Mr. Hughes:** Yes, we do. I am trying to come up with the name of the most recent

one... They can go on the English-speaking stations and even though the people don't understand what is being said, they are very enjoyable.

**Mr. Fortier:** Even in English sometimes you don't understand the words.

**Mr. Hughes:** I appreciate that. That is true. There are still an increasing number of those coming and I would say of the Canadian music we play, quite a number are by the French artists but they have been done in English.

**Mr. Fortier:** Do you make a special effort at CKNW to familiarize your listeners with records that are out of Quebec?

**Mr. Hughes:** And also that they are Canadian. However, I must also say this, that it doesn't matter whether a record is Canadian or not, we take a view that a record must pass a number of criteria. There was a record brought out by a Canadian group but in my estimation, it condoned the use of marijuana and we didn't play it. It was good, it was very listenable, by a Canadian. In our wisdom we felt it was not correct to do this. It is still illegal by our laws in Canada and so for that reason we eliminated the record.

**The Chairman:** Setting percentages aside, are you in agreement with the basic objective of the CRTC in the area of Canadian content?

**Mr. Hughes:** I think the CRTC is correct, but in this I don't think radio needs encouragement because we are so Canadian now. I think the CRTC should examine a radio station as a whole service, not just music, because our news is completely Canadian, all our people are Canadian, and the talent we create in our open line broadcasting and news commentators and business reporters and sports commentators, these are Canadian talent.

**Mr. Fortier:** What percentage of your listening time on any given day is devoted to music?

**Mr. Hughes:** We play relatively none between eight in the morning and noon. We play an increasing, fairly large amount of music from noon until six o'clock. We play no music from 6 p.m. until 9 p.m. and then we play music from 9 p.m. until midnight. In the area from nine until midnight we have a chap who has been in the broadcasting business many years and made a hobby of collecting old records and it has been a very lucrative



tive one for him. What we do at night is play a lot of the old radio programs of yesteryear that Senator Davey doesn't remember. I commend him to listen the next time he is out with us because he will hear Dr. Kildare and others. I think all this is a change of pace in radio.

**The Chairman:** You mean half hour programs?

**Mr. Hughes:** Yes.

**Senator McElman:** Have you got The Shadow mixed in there?

**Mr. Hughes:** The Shadow, The Green Hornet—I don't want to date anyone here!

**Senator Smith:** Go back to the crystal days and it will date the rest of us!

**Mr. Hughes:** If there is an insistence on the 50 per cent Canadian music we will have to make those out.

**Mr. Fortier:** Let us follow through on the question which the chairman put to you. Forgetting about the percentages, and I take it at its face value that yours is not an entirely music station, you will have to agree with me that there are radio stations in Canada which are devoted nearly entirely to music. Should the CRTC proposals apply to those stations? We will forget CKNW for the time being.

**Mr. Hughes:** Let us take the segments. The radio stations that play the most music fall into two categories. One—the hit teenage orientated stations—the top 40. Those stations, I feel, will have the easiest time getting a line for the 30 per cent, because most of the music produced, the majority produced in Canada on records today falls into that area. Also, because of the very people they are appealing to, they are able to repeat their selections so much more often and therefore they will get the quota. The stations that will have the most difficult time—they fall into a different category but they are all music—are the stations that have gradually emerged to play adult music, the slower selections, the candlelight and wine...

**The Chairman:** Mr. Fortier's music!

**Mr. Hughes:** They won't be able to comply at all.

**The Chairman:** Let us take it one at a time. Let's talk about the top 40 stations. Why will they have a more difficult time?

**Mr. Hughes:** They will have an easier time.

**The Chairman:** It will be more difficult than it is now.

**Mr. Hughes:** Oh, yes.

**The Chairman:** Why?

**Mr. Hughes:** I am speaking strictly on hearsay at the moment.

**The Chairman:** It is perhaps unfair.

**Mr. Hughes:** I am not a rock and roll station. You know the Maple Leaf System music group has been formed and I believe with CHUM and stations that play music like that. Maybe it would be a question to ask Mr. Waters, but I have heard that even with the tremendous encouragement, that they have a great deal of difficulty in selecting even one or two records in a month's time that are produced here in Canada which they feel will be accepted by their audiences as really good listening. I would rather not be tied down any tighter than that because they are in a better position to answer that question.

**The Chairman:** They are coming on Thursday and we can talk to them. What about the stations which play "elevator" music, if that is a fair phrase for them? Why are they going to have a more difficult time?

**Mr. Hughes:** For instance, very little of that music is produced in Canada. I believe the only area they can go to is the Canadian Talent Library.

**The Chairman:** But the point I am trying to make, Mr. Hughes, is that surely, that means the Canadian musicians are going to have to start to make that kind of music to play on Canadian stations; and that is in the interest of the Canadian music industry.

**Mr. Hughes:** But not necessarily of the public.

**The Chairman:** Why not of the public?

**Mr. Hughes:** There are some great problems involved in this. The CAB, I think, has been before this Committee and they are making a presentation to the CRTC in detail. I have it here with me and it involves copyright, it involves mechanical reproduction of music, it involves many, many things. To make a record successful you have to have volume of purchase. In Canada with 20 million people, there is just no way that there will be enough records purchased by the gen-

eral public, even as a best seller, a great hit or anything you want, that will make it possible to sell enough records to make any profit or even pay for the production.

**Mr. Fortier:** It happened in Quebec with French records. They were faced with the dilemma and they agreed to face up to it and were successful with a much more restricted market. There is such a thing as the top 40 in French Canada, such a thing as a different sound, the ones you have described.

**Mr. Hughes:** I accept that, Mr. Fortier, but I happen to be living in my part of Canada. I am living across from 200 million English-speaking Americans and their music. They are singing in the music I know and in the language I know. It has a much deeper impact. French Canadians in Quebec probably were fortunate because they did have a locked-in audience that did not have access to Tom Jones and Humperdinck and the other fellows on the American stations.

**Senator McElman:** Are you not getting to the heart of the problem right now in the American sound?

**Mr. Hughes:** Humperdinck is not American and neither is Tom Jones.

**Senator Smith:** It is where they make the big money.

**Senator McElman:** It is the American sound we are dealing with. This morning we had Telemedia as a witness and we were told that not too long ago the recordings played largely by broadcasters in Quebec came from France. They were in French, but they were not the Canadian sound. They were not the French Canadian sound. They decided to do something about it, and they started their recording industry. I think it is markedly successful and they are meeting the demands of the people of Quebec for Canadian music and developing their culture. Is there any reason why the same sort of thing would not apply?

**Mr. Hughes:** I think that over the last five to eight years there has been some increase in English Canada—on our part at least. We ourselves invested half a million dollars in new studios and recording equipment last year, and we are now doing more and more recording of musical groups, even to our own commercials and selections. I think it will grow. Yes, I do.

**Senator McElman:** Let's take the 7 per cent of your current library. Five years ago what percentage was the Canadian content of that library?

**Mr. Hughes:** Nil. It is growing.

**Senator McElman:** Over a five year period 7 per cent?

**Mr. Hughes:** Yes. I think that it fluctuates because music has changed so much too. For instance, we have no music in our library that was produced before 1960. The Glen Miller music and the Tommy Dorsey music, that has gone. People don't want it any more. They don't listen to it.

**Senator McElman:** Taking into account the cost of production, of sources that might be available to you to get Canadian recordings, relating it to the cost of buying American tapes and plates, and looking ahead ten years, if there were not the CRTC proposals that now face you, what would you say the 7 per cent would have grown to, say, in ten years time?

**The Chairman:** That is a very hypothetical question.

**Mr. Hughes:** It is very difficult to answer because I think there are other sources of encouraging the promotion of Canadian music. It is not just by pinning it on the broadcasters. I think other people have to be involved in this. I think the Canadian Government has to be involved in it because the Canadian Government is encouraging, and not very successfully, the start of a motion picture industry. From reading in the *Toronto Star* a write-up on the new film, it is not very complimentary.

**The Chairman:** We should say in fairness to that film that the identical coverage in the *Toronto Telegram* was very favourable.

**Mr. Hughes:** There you are. Those are two people. I am saying that broadcasters need assistance from other areas, including the Government, to encourage this because it could be helped. The thing that bothers me, in our station, I would not like to see us have to take anything away from our progress in developing a news and communications station, to have to hire extra people to just sit and decide whether a record was made in Canada and the number; and have to find out whether the fellow who sang the lead was born in Canada but does he now hold a British passport; and where he lives now? We are going to be involved in a tremendous paper war



and we are going to have to be phoning and saying "Hey, take off the next selection. We are one short. Put on a Canadian." That is just creating routine jobs for people. I don't think it is the way to encourage an industry to flourish. I think it should be played if it is good; it should be played if it is worthwhile, but just to have to play it and have people monitoring and writin things down—that is not programming broadcasting stations.

**Senator McElman:** You asked, Mr. Hughes, why should the broadcast industry be singled out. Would you not agree that the broadcast industry in Canada has been given a rather extensive preferential treatment in licensing? Before any application in a market area can be licensed, the economic viability of the existing broadcasters in the area has to be taken into consideration. They do not issue licences if they are going to, knowledgeably in advance, knock out existing broadcasters. The Canadian law also protects the broadcasters of Canada from substantial take-over by foreigners, particularly Americans.

Now in this gifted situation that broadcasters have, is it so unreasonable, is it unreasonable to say why are you singled out to contribute to Canadian identity, Canadian culture, the Canadian unity—whatever title you may wish to use?

**Mr. Hughes:** Senator McElman, I also wish to point out that the Canadian radio industry is double taxed. We have some privileges but we are double taxed.

**Senator Smith:** What do you mean by that?

**Mr. Hughes:** We have a substantial transmitter tax to pay on top of all our other taxes. We pay a percentage of our gross as transmitter tax. We have an investment in here and we have to meet strong competition. Every market is absolutely served in every area by radio and we have newspaper and we have television stations and we now have cablevision. I don't think that a radio station gets any particularly free ride. He has to compete in the marketplace with a population, for instance, that does not advertise, in comparison to the United States for instance. The advertiser in Canada does not spend as much money as the American advertiser does. We have a number of rules across the country and in British Columbia we have no beer or wine advertising at all, and we have a station across the border in Bellingham that takes \$3 million a year out of the market. How about those imbalances?

**The Chairman:** I think your points are well taken but surely so are those of Senator McElman. If Western Broadcasting Limited decided to divest itself of CKNW in Vancouver, you know very well there would be a great long lineup of applicants wanting to get the franchise. It is very prosperous, lucrative, good business to be in. You have been in it all your life.

**Mr. Hughes:** Senator Davey, I respect your comments but I disagree violently; because you have a station in Winnipeg that just went bankrupt; and you have another one that appeared at the last hearing from Sydney, Nova Scotia, that is in dire straits; and a number of others around the country. We have stations in our own market that have changed hands and have lost substantial sums of money. I think that we at CKNW have worked very hard, as other broadcasters have, and built our station into a good field of endeavour, but I think there are other broadcasters who have not. They have had the same chance as we. Maybe their result is not as good as ours.

**The Chairman:** I don't think I disagree with you at all but I don't think it is inconsistent to not disagree with Senator McElman as well. Surely you have a privileged position in the media spectrum. For instance, there are only so many radio stations in Vancouver. It is only technically possible to put so many radio stations in Vancouver.

**Mr. Hughes:** That is true; except, for instance, we have seven AM and we now have four FM. That is in the last few years and our population has not increased that much. We also have four television stations taking money from the area.

**Mr. Fortier:** Your privilege has been watered down?

**Mr. Hughes:** Very, very much so.

**Mr. Griffiths:** I was going to ask Mr. Hughes if he would like to comment for a moment on the possible effect of unsatisfactory grade Canadian music causing a possible reversion.

**The Chairman:** We would be most interested in the comments on that.

**Mr. Hughes:** I think I really covered the fact that if the quality of the Canadian music on the radio stations is not up to what you are presenting for the 70 per cent—we are talking 70-30—if the 70 percent is so superior.



to what you are presenting in the other 30 per cent, which has to be Canadian, we are very concerned with the comparison and what does it sound like? All of a sudden we come on and say "Here it is." It is going to have to be built over a period of years. I think the danger is in the magic figure of 30, or 20, or 5.

I think the Canadian record industry should be encouraged and gradually come into being and if the records become competitive the stations will play them. We want to play the Canadian music if they compete with what else is in the marketplace.

**Senator McElman:** Mr. Hughes, you say that you must build over a period of years. How much has it built? Is this not the point?

**Mr. Hughes:** It is building, it has built. I think the Canadian Talent Library has contributed and is building. It has only been going I think for years.

**The Chairman:** Would you agree with this? Suppose, following the discussions with the CRTC which are now taking place, suppose the CRTC said "O.K., we will take a rain check on this thing and take another look a year from now." Would you not think that the CRTC, whatever happens, has provided a great stimulus to the Canadian music industry by its initiative?

**Mr. Hughes:** Not necessarily to the Canadian music industry. I think it has created a stimulus for us broadcasters.

**The Chairman:** That is what I meant. Do you think they have?

**Mr. Hughes:** I think a lot of us are really seriously looking at the problem and I know I am very conscious of the Canadian records now, but I don't want to see or hear the general sound of radio that we have created from the jungle of the juke box a few years ago; I would not like to see all the stations having to concentrate on producing a certain number of records and we all have to play them to meet a certain figure. That is what scares me. We have this difference in sound in the radio stations of Canada today and through this, we can give a variety of selection, I think the Canadian people are going to be quite unhappy with the sameness of sound and repetition which I think is forthcoming if a certain percentage rule is put on the broadcasters.

**Mr. Fortier:** Again leaving the percentage aside and carrying on with the statement of a

few minutes ago, that you wished you could play more Canadian music if it were of the calibre or quality which would compare with what you are playing today. Surely you must have made some listener surveys in Vancouver. Tell me, Mr. Hughes, do your listeners wish to hear more Canadian music?

**Mr. Hughes:** We never hear that. We really don't get the demand.

**Mr. Fortier:** You never made a study oriented to that?

**Mr. Hughes:** No. I will tell you they demand a lot of other things but, as I say, in our type of operation music is not the end-all for us.

**The Chairman:** I am going to interrupt you at that point to day that I think we have spent a good deal longer than we should have on the whole question of music content, given the fact and the point that you have made that yours is not a music station, at least primarily a music station. I think we have prevailed on you at great length. I will suggest that we turn to discuss other matters. I don't want to be rude to Mr. Fortier or anyone else, but I think that you have been gracious in allowing us to chew the matter at such length. I think we might now turn back to other matters, if that would suit the convenience of the senators.

**Mr. Fortier:** He said he wanted a rehearsal and he has had it!

**Senator McElman:** Could I ask one question in that area?

**The Chairman:** Yes.

**Senator McElman:** Looking back, if you can for a moment, to the situation in Quebec where there was an incentive to do something with respect to talent, performers, music; and it happened. They made it happen. Would you believe that in music, as brought to us by the broadcasters, which is a large part of the fare that Canadians get in music today, would you believe in music that we are already so Americanized that lack of demand for Canadian music you speak of has not even come to your attention? Are we already so Americanized?

**Mr. Hughes:** I don't quite....

**Senator McElman:** Without regulation.

**Mr. Hughes:** I don't quite understand what is Canadian music?

**Senator McElman:** Some people are trying to find that out now.

**Mr. Hughes:** Oh, I know. Isn't it true that the Canadian performers move right through to the Ed Sullivan program and it comes back. It is really North American music. The Beatles brought the new music of the 1960s and 1970s to the United States from Liverpool, but the American base music is western. Do you know what the base music is of Canada? It is country and western. So Canadian music is country and western, and so is it in the United States, in the heartland of the United States. That is Canadian music too. Red River Valley and Lake Louise—all that, that is Canadian music. It is also international. It is North American music.

**Senator McElman:** Then culturally we are absorbed music-wise?

**Mr. Hughes:** It is, I think, international. I think you go to hear the composer Mozart and that is not Canadian music but it is world music. It is international.

**The Chairman:** Do you want to follow that up?

**Senator McElman:** No.

**The Chairman:** I would like to turn the discussion for a few minutes—we don't want to keep you here all evening—but you made a reference in your opening comment that your station is not a "rip and read organization." I wrote down the words as you used them. I think I know what you mean by that, but you might explain what you mean by "a rip and read organization."

**Mr. Barker:** I think the general connotation of "rip and read" in radio is the station—we all subscribe to the broadcast news wire service, at least almost all stations do, which is a radio version of the Canadian Press. Mr. Hughes' reference to a "rip and read station" is a station, I believe, where someone comes out two or three minutes before the scheduled newscast time and looks at the wire service which handily prepares a five minute summary of nine or ten articles of news, rips it off and rushes back into the control room and reads them.

**The Chairman:** The question I wanted to put to you, Mr. Hughes, is: Are there any more of that anywhere in Canada? Are there any in Canada now?

**Mr. Hughes:** I think gradually over the years that the standard of radio news cover-

age is increasing, yes. We have a very substantial newsroom organization which is dependent maybe on the Canadian wire service for quite a large percentage of, say, non-British Columbia news; but we have developed stringers and we have correspondents in Victoria and...

**The Chairman:** As I tried to point out this morning to the Telemedia people, and as I would now point out to you, this particular committee—the last thing in the world we want the people from the Western Broadcasting Limited to feel, or the radio stations to feel, is that we are particularly interested in how your news department operates. We are more interested in the general media spectrum. And so one of the reasons we wanted you people to come before the committee is your reputation as responsible broadcasters. The question I put to you more directly is: Are the high standards at your station, are these the standards in the industry across Canada, or are they the standard in the big urban centres across Canada? In other words, are there any "rip and read stations" left in this country? Perhaps you don't know.

**Mr. Hughes:** I would think there are in smaller markets and I don't think you can unduly criticize the operators because there are some very marginal operations in Canada. Looking at the Dominion Bureau of Statistics I think you can say that your money is better put in the bank where you can make more interest on your investment. They are faced with great problems because they have to be everybody to everyone in a small community. I think there still would be a number who are, to quite a degree, dependent on the teletype for their news.

**The Chairman:** Your observation confirms the judgment that has been returning to me throughout the hearings. That is in the question of media service across the country. It is the question of the rich getting richer and the poor getting poorer. I don't mean the publishers and broadcasters, but in terms of service. In this country if you live in Vancouver and Toronto you are well served, but if you live in a small community 150 miles from one of the big cities, you have the kind of service you have been describing.

**Mr. Hughes:** I would like to comment on that, Senator Davey. I would like to congratulate the Standard Broadcasting people and anything further you could ask them when they appear before you. They have, with our assistance, pioneered the Standard Radio



News Network across the country and we are now finished negotiating with them. We are going to extend the Standard Radio News Network with Western Broadcasting Limited augmentation from the Vancouver market to anybody in the Province of British Columbia. All they have to do is pay the line charges. We will give them service. Standard has said "It is your service once it enters the Province of British Columbia." We are planning to add to it and say "Fellows, here it is. You can have a metropolitan service in your market. All you have to do is pay the line charges."

**The Chairman:** That is first rate. When is that going to start?

**Mr. Hughes:** It was just okayed on the first of March. We are busy negotiating with them.

**The Chairman:** Are the smaller broadcasters grabbing at the opportunity?

**Mr. Hughes:** They are interested. We have run into a problem that we are attempting to overcome with the CN CP Broadband service. That is a very important part of it. We could dial them up and automatically from Vancouver or Toronto excite their recording machines and give them their voice report right from Miss Emprigham here in Ottawa. She can excite our machines!

**The Chairman:** She can excite some of the Senators!

**Mr. Hughes:** She can put her announcements or reports of this very hearing right to Vancouver and it will go to the interior of British Columbia. This is really in the pioneering stage and made possible by broadcasters in the metropolitan centres who first banded together in Ottawa, Montreal, Toronto, Winnipeg, Calgary and Vancouver. That started the ball rolling.

**The Chairman:** I know that at the CAB convention this past weekend a survey was taken of 400 of the radio and television executives, some kind of internal poll was conducted. I saw some of the results in the Saturday April 13th edition of the *Toronto Star* as recorded by the Ottawa Bureau of the *Star*. It said that the broadcasters expressed the opinion that:

"Education intelligence levels and pay scales of news gatherers are insufficient to permit them to understand and report on current social issues?"

Would you comment on that, Mr. Hughes? Is that a correct interpretation?

**Mr. Hughes:** I read that and I heard a broadcast the other night from Montreal where Douglas Fisher was on with Raymond Crépault, the Past President of the CAB. Mr. Fisher said that the news broadcasters he knew made \$60 a week. Now there is just no way they make \$60 a week. I thought it was a very unfair statement. They are well paid in our organization and they are experienced men; and the senior men are in charge of the shifts. I think that the broadcasting industry is gradually, and in its growth with the interconnections, are enmassing a number of good people in the broadcasting business. I hark back to the days in Ottawa and the tremendous development in radio and television of news bureaux here as just one example.

**Senator McElman:** On the matter of the news presentation, with the new development you have coming up, is there any innovative thought going on now in the broadcasting area? Since yours is a headline type of reporting area? Since yours is a headline type of reporting in broadcasting, rather than in-depth, is there any new thought on the presentation of news? We have been told repeatedly that good news is no news. Is that to be the bad news type of presentation? Or is there some change to take place, or taking place, in news presentation in Canada with broadcasters?

**Mr. Hughes:** That is a very difficult one to answer. Warren, would you comment on that?

**Mr. Barker:** I would suggest that if you analyze not a single isolated newscast, but the various stories carried by the metropolitan station over a week, or two or three days, or three days selected at random throughout a month, you would find that the death, fire and flood type of news story has—not disappeared but has taken a far less important role than I think a lot of people still ascribe to it in the public mind.

If a newscast is led by a report of a Parliamentary Committee, how do you call that Good news or bad news? I think that radio in the metropolitan areas is headlining or leading with this parliamentary news, space news. The disaster type of spot news, I think, has long since been downgraded as to its relevant position in newscasts. I don't mean we ignore it, but I think that metropolitan radio today generally—I know I would certainly much rather have a crackling good story out of the legislature any day than a spot news story. Does this answer the question?



tion? We are not looking for news of personal tragedy.

**Senator McElman:** Perhaps I could put it another way that you could get more directly at it. You hear increasingly from the older generation "I don't listen to the news any more. It disturbs me, it upsets me, it bothers me." You hear from the younger generation "I don't listen to the news. It is not relevant now."

I am not a broadcaster or not a newsman. Can you tell me what this means?

**Mr. Barker:** It means, as far as the younger generation goes, it is not going enough into the universities and fields like that. We are trying to increase our coverage in that direction. The response of the older people, I think, is something that is unavoidable. I think it is a backhanded compliment to the media that the media is becoming perhaps more representative of the disturbed society and the conflict and the problems in our society. I would take the criticism from the older people in that way, as perhaps being an indication that we are coming to grips with what are the current trends, current problems in our society.

I will be the first to say that the news media, I believe in general, are having a problem—not just the broadcasting media—in getting to the younger generation.

**Senator McElman:** Let's get it to all generations over a long period of time. This applies to all of the media, some to a lesser degree. We have got a daily box score on how many Americans and how many South Vietnamese and how many North Vietnamese were killed yesterday, or this morning. Is this assisting society?

**Mr. Barker:** I haven't heard that type of news story in a month, maybe six months, in Vancouver.

**Senator McElman:** Then there is some change taking place? That is what I am trying to get at. There is some change taking place, I would assume, because that was the case for a long time.

**Mr. Barker:** This may have been in the early days of the war. I cannot recall hearing radio newscast in Vancouver area for the last six months that has paid any attention to any particular battle or loss of life in Vietnam. Perhaps the only story out of there—and I think it has been covered—is the investigation of the alleged atrocities.

**Senator McElman:** Is this then because of the play-down in the United States Government that they have changed their tactics and they are not giving the numbers as they did before, or is it a change of attitude or procedure in reporting the news?

**Mr. Barker:** I think basically it is a change in the Canadian newsrooms and that the news editors are throwing out their reports of how many troops have been killed in battle. I think that is what is happening. In my own case we have concluded it is not significant, so it is going in the wastebasket.

**Senator McElman:** Let us bring it to the local level of broadcasting. When you turn on the radio in the morning the first item usually is that three people were killed on the freeway this morning, they ran head-on into a truck and three people were wiped out. That is still so often the lead item. Why?

**Mr. Barker:** I would disagree that it is so often the lead item. In my own case it is the lead item if it has been a very quiet day. That may seem jocular but that is not intended to be.

**Mr. Hughes:** If there are three people killed on the freeway and the names are available and it has happened it is important.

**Senator McElman:** The most important?

**Mr. Hughes:** I think it is important. If it happens to be a relation of yours or a friend, it is the most important thing that happened that day or for a number of days for you.

**Senator McElman:** Let me take an example in the last 24 hours. The names were not available initially and it was the first item.

**Mr. Hughes:** In our station if the names are not available... let us say right now it is 5.30 in Vancouver and the names are not available. This accident is a very serious one and is holding up traffic on the freeway. It will be the point of a special news bulletin from our airplane or traffic control that there is a very serious accident there. It might not be on the 6 p.m. news. If the names are not available it is not a story. You could have every housewife in the lower mainland beside herself. "My husband is not home with our two children and we just heard there is an accident on the freeway." We are very careful. It doesn't become a story until there are names of people applied to it. If it occurs we would say "Try and do something about not going near 401 at Willingdon tonight. It is com-

pletely blocked off." This is providing a different service, a service to those involved to stay away from that area.

**Senator McElman:** In your brief in a number of places you refer to your involvement in the community life, that is involvement of your total group, your staff or group. I think at one point you used the terminology that you are totally immersed in the community life. With such immersion, with such direct contact with the community, what proportion of your news in general terms would bear to things that could be called—let us not call it good news as opposed to bad—but positive news.

**Mr. Hughes:** Well, give me an example of your consideration of a positive news item.

**Senator McElman:** You are living in the community of Vancouver, I am not. You are involved, I am not.

**Mr. Hughes:** All right. Let me give you an example. Our commentator Jack Webster pioneered and championed the elimination of a parking lot for a yacht club in the Vancouver harbour on one of the beaches. It was going through and he championed it and the mayor flew back from Hawaii over the fuss that was raised and it has now been stopped. If you were a member of the yacht club that was not positive news, but if you were a member of the general public who goes to the beach it was. It depends what position you are in whether it is positive or negative. These are things we get involved in.

**Senator Kinnear:** I wonder what percentage is international news? I find that international news is taking up a great deal of the broadcasts.

**Mr. Hughes:** No.

**Senator Kinnear:** You don't use it?

**Mr. Hughes:** No. I am sorry, Senator Kinnear, I don't want to make you think we don't cover international news, but we don't set ourselves up as an international news station. I imagine it is quite heavy today on picking up actualities from Houston, but normally if everything is going well in space we report that. We are heavily involved in British Columbia, and to some extent becoming nationally involved with our bureau here in Ottawa, and the contacts we have in each major city as we grow.

**Senator Kinnear:** With regard to your other comment, I suppose you would be giving more news on Cambodia rather than Vietnam?

**Mr. Barker:** Definitely.

**Senator McElman:** Looking for an example of positive or good news and taking the approach of the now non-producing newspapers, if Mr. Bennett were defeated that would be good news?

**Mr. Hughes:** No comment!

**The Chairman:** I think that Mr. Fortier had a supplementary question at this point.

**Mr. Hughes:** If I may say, Senator McElman, you made an interesting point and there is something to always remember. When people say they don't listen to the radio, don't believe them, because they do.

**Senator McElman:** I said they don't listen to the news.

**Mr. Hughes:** When they tell you that don't believe them. I have so many people phoned into me, principally on Jack Webster. They will phone in and say "I never listen to the Scotsman." I say "I am very sorry but it is tremendous we have freedom of choice." They say "Listen, I never listen to him, but this morning... or last night..." They say "I never listen to him." Don't believe them when they say they never listen to radio because they do.

**Mr. Fortier:** What do you do to attract people who don't listen to radio?

**Mr. Hughes:** Last year we spent \$90,000 on exterior advertising to invite people to listen to radio. Let me expand on that a minute. One of the real problems in coming up with the measurement of the audience of radio is the fact that the invention of the transistor has enabled radio to become completely portable. A radio goes wherever you go. The audience, although it is on the move, becomes very difficult to measure. I have always felt this and I know that Senator Davey agrees with this because he had the same problem for many years. It is very difficult to take that now immense audience in cars, that are moving with transistors, that is on the beach that is going wherever they go with radio and get a measurement on this. I think the radio over the years has always been underplayed. The vast audience is bigger than that reported because of the vast moving audience that can't be measured.



**Mr. Fortier:** Given this premise that it is difficult to exactly assess the number of listeners, are you concerned that there is still an inordinately high number of people who "don't turn you on?"

**Mr. Hughes:** They say "I never turn you on" but when I go to meetings—I have been on the air every day doing a program and everybody knows me and yet they tell me they don't listen. They say they never listen to the radio any more. If they don't, how do they know me? It is the only thing I have ever done. A lot of people come out and say "I don't listen" but they do. They do. They say they don't look at television but I am sure they do. I bet tonight they will be watching the hockey game.

**Mr. Fortier:** Do you listen to TV yourself?

**Mr. Hughes:** Yes, I do. I am very interested in it and I enjoy it.

**Mr. Fortier:** What is your relationship with the television stations which are in the Western group?

**Mr. Hughes:** None. None whatsoever. We are very competitive.

**Mr. Fortier:** Do they ever complain about your seemingly unfair competition? I am looking at the Refocus report.

**Mr. Hughes:** It is very unfair. No.

**Mr. Fortier:** Which is directed very much against the television Vancouver market and poor old CKNW. I read it with much interest and I must say I could hardly wait to ask you questions on it. Did you get criticism from some members of your Board or CHAN?

**Mr. Hughes:** We had it out before I presented it to the Board. I didn't expect any criticism. I never have. I happen to be in broadcasting and in the radio section. And we uncovered this and we have taken it to the advertisers. Now Channel 8, that is their problem—they have to fight this one.

**Mr. Fortier:** It is radio eat television and vice versa?

**Mr. Hughes:** Yes. We are in the marketplace and this is a very strong weapon for us, the dilution of the Vancouver television market.

**Mr. Fortier:** We have heard from the radio broadcaster, Mr. Griffiths. How do you feel as one of the principals of Western Broadcasting

about the attack on their television holdings by CKNW?

**Mr. Griffiths:** Well, Mr. Fortier, there is just not any question about it. If we ever joined areas of the broadcasting media together, one or the other would die. This is a very basic fact. I think one of the basic reasons for the success—and I do say that CKNW is successful—is it enjoys a fantastically high level of competition from the daily newspapers. So we have learned to compete to the bitter, bitter end for everything. Never do you see reference to CKNW in the daily press as such. You may see reference to a suburban radio station, for example.

**The Chairman:** They don't carry your call letters?

**Mr. Griffiths:** No.

**The Chairman:** Ever?

**Mr. Griffiths:** Not unless we have a fire.

**The Chairman:** Do they carry the radio listings?

**Mr. Griffiths:** No.

**The Chairman:** They never mention your call letters?

**Mr. Griffiths:** No.

**The Chairman:** Do they mention the call letters of their Vancouver radio stations?

**Mr. Griffiths:** Yes.

**The Chairman:** Why do they single you out not to mention your call letters?

**Mr. Griffiths:** Because we are intense competitors.

**The Chairman:** Do they mention everybody else?

**Mr. Griffiths:** Primarily CKWX.

**The Chairman:** CKLG, would they mention them?

**Mr. Griffiths:** Not really. The *Vancouver Sun*, to be fair, has had, I believe, a policy in the last few years of no mention whatsoever of radio stations. However, we have competed with them very strongly in gathering news. So much so that we are must listening in all their editorial rooms.

**The Chairman:** Do they mention CHAN television?



**Mr. Griffiths:** Only when the president makes a contentious statement.

**The Chairman:** Do they carry CHAN listings?

**Mr. Griffiths:** Yes.

**The Chairman:** Surely CHAN must be as great competition for them, as great as CKNW?

**Mr. Griffiths:** I think the television listings probably without any close competition is the most widely read section of the newspaper, so it is to their advantage to carry TV listings.

**Mr. Fortier:** One of your investments, of course, is a 55.1 per cent shareholding in Canastel. Canastel still remains a bit of a mystery to some of us here. Who are your fellow shareholders?

**Mr. Griffiths:** That is very simple. Canastel was owned by Associated Television in England and amongst other things it owned 25 per cent of the television station in Halifax. That, of course, makes them ineligible for a licence and so as part of a retirement from Canadian broadcasting, Associated Television in England sold their Canadian holding company, Canastel, to a combination of two people, Western and Selkirk. Western bought 55 per cent and Selkirk bought 45 per cent; so through that holding we have the joint investment in Halifax.

**Mr. Fortier:** You gave Selkirk an equal voice on the board?

**Mr. Griffiths:** Yes.

**Mr. Fortier:** Why is that?

**Mr. Griffiths:** A matter of negotiating.

**Mr. Fortier:** That is very magnanimous on your part, I would say. Did they have an offer to purchase an equal number of shares?

**Mr. Griffiths:** No.

**Mr. Fortier:** Do you leave the management of CJCH in Halifax to the local people?

**Mr. Griffiths:** Totally. We have no mandatory right to representation on the Board in Halifax but as a matter of good business the other shareholders invite us to have a representative and the representative that Western and Selkirk chose is our television president, Mr. Peters, so he is a director.

**Mr. Fortier:** Do you have any plans at the moment to further extend you holdings in eastern Canada?

**Mr. Griffiths:** No.

**Mr. Fortier:** Do you have plans to further extend your holdings in western Canada?

**Mr. Griffiths:** Yes.

**Mr. Fortier:** Within cable, radio or television fields?

**Mr. Griffiths:** Yes, all three.

**Mr. Hughes:** Senator, I think to make the record straight, I meant to bring this up at first, I refer you to paragraph 4 on page 1 of the brief. I wish to go on record at this time on behalf of Mr. Griffiths that the purchase of Bentley was approved on the 31st day of March and the closing of our purchase of Bentley took place yesterday afternoon.

**Mr. Fortier:** Express Cable, you are still awaiting approval on that one?

**Mr. Griffiths:** Yes.

**The Chairman:** What does it mean on page 15, section 43:

"The revenues of the radio and television stations are principally derived from the sale of advertising time to local and national advertisers."

I put a query by the word "principally". Are there other ways you derive revenue?

**Mr. Hughes:** Well, in television, of course, there are substantial revenues derived from producing programs and in radio increasingly so. We in Vancouver now have eight track recording machines and very sophisticated boards, and we are now doing eight track. It is a terminology. You can take an orchestra, a band, and when they can come to your studio you record them and then you can bring in the singer when she is over her cold, or the group, and put them together on the track and let her hear the mix. Then the new technique comes along. We will ask her to do the selection in a key higher. Then you have another track and then you bring in the announcer and put him in. Each track remains alone by itself. Then we start what we call the mix on track five, six, and finally end up with the final product on seven. We have still got eight free in case someone comes in and says "Wait, I don't like that mix. I would like to hear another mix of a higher music level and bring that singer

down and make the announcer have a different tone." We can change his tone electronically. This is what we are involved in now. Gradually it is increasing and there is some revenue from this as we make commercials for stations all over western Canada.

**The Chairman:** Would you do it for national advertising agencies?

**Mr. Hughes:** Yes, we would.

**The Chairman:** Are you concerned, Mr. Hughes, about the on-coming trend towards Americanization of the Canadian advertising industry?

**Mr. Hughes:** No, I am not; because when I first started in the selling part of radio in 1952 we would come to the east for eight weeks and we would spend three weeks in Toronto, two weeks in Montreal, and the rest of the time in New York. I haven't been to New York now for five or six years. Our sales people don't go into New York now at all, so our connection with New York and Chicago, and Los Angeles as an area for getting advertising revenue is just nil. I can't remember the figures, but we don't even go down now.

**The Chairman:** Why is that?

**Mr. Hughes:** All the business is done in Toronto.

**The Chairman:** Because the American agencies are taking over the advertising agencies in Toronto?

**Mr. Hughes:** Senator, with respect, I feel a lot of the Canadian agencies have developed and they now are handling the accounts in Canada.

**The Chairman:** We have the ICA coming here on Thursday and we will be talking to them. I was anxious to find if you are concerned about it and you are not. Thank you.

**Senator McElman:** On the matter of revenues on page 27, section 92, there is reference to refusal to kill. Some items on occasion have cost the station considerable revenue. Would you give us any examples?

**Mr. Hughes:** I will give you an example, no names, no pack drill. We had a situation where an advertiser of ours was charged with the misdemeanour of having someone in his organization turn a speedometer back. A charge was laid by the RCMP and we reported it as such. We had considerable difficulty with the client who felt we should not have

reported it until it had been heard in court and decided that way. I disputed this with him. We had reported it as fairly as we possibly could but he was going to cancel all his advertising. I said "That really is secondary as far as we are concerned." We would treat ourselves the same way. We were fined last year \$500. It was a situation where I took every precaution possible but one of our commentators made a comment regarding a by-election in Vancouver which was within the 24-hour period. I had a notice stuck up right in front of him and I had a man speak to him the night before, but he forgot and made a one sentence comment. We paid the \$500. We went to court and I pleaded not guilty because it certainly was not intentional. We certainly reported it.

**Senator McElman:** He is still with you, is he?

**Mr. Hughes:** No.

**Senator McElman:** I will not ask for other examples. Would this sort of thing happen very often, the quotation I have given you?

**Mr. Hughes:** No.

**Senator McElman:** It is then a very much diminishing thing from what it has been suggested it once was?

**Mr. Hughes:** I would like to be very fair to the advertisers. The number of advertisers who have ever phoned me and asked for special consideration of any kind is on one hand.

**Senator McElman:** Negligible?

**Mr. Hughes:** Yes, negligible. I feel we have never experienced any pressure from advertisers, "You do this or else." If they don't like it they usually don't buy.

**Senator McElman:** With your BBM rating, you don't have to be concerned about that sort of thing.

**Mr. Hughes:** It certainly helps to have it like that.

**Mr. Fortier:** Your broadcaster infringing the Election act, of course, is a good example of a situation where a station would be charged. A large portion of your broadcasting is given to opinion programs. Does the station stand behind every opinion which is expressed by, say, Jack Webster, or any other opinion commentators?

**Mr. Hughes:** No, I don't think we necessarily stand behind them. Jack is very conscious



of this. We have lengthy discussions at all times saying "You have said this. Let's get the other side in." We make available time for anyone who wishes to comment on the position; as we did with the yacht thing that happened the other day. We attempted at great length to have them come in and give their side.

**Mr. Fortier:** Will he have to clear with management any views which he is going to express?

**Mr. Hughes:** Well, he has been with us for 11 years and we have meetings every other Tuesday afternoon to discuss aspects of it. If he gets where he feels...he communicates and says "How do you feel about this? Give me some background from your side." We have discussions. We don't attempt to say "Take it easy if you don't like that television program last night." He doesn't phone me and ask, he goes on and says it.

**Mr. Fortier:** Have there been instances where he has editorialized one way and you felt so strongly about the episode that you or anyone on the Board would have said "No more of this?"

**Mr. Hughes:** Never "no more." I think that newsmen can be guilty of over-emphasizing a story and maybe getting involved and seeing the trees and forgetting about the forest. I think in a friendly way we would chat with him and say "I think you are playing this story a little high." He says "Yes, maybe; I can see your point." I think it is only an opinion you would get from someone discussing it in a helpful vein.

**Mr. Fortier:** Whose judgment would you substitute to his? Your own or management?

**Mr. Hughes:** We would talk about our program. The assistant manager would be involved in it and Warren, probably, and myself, and we would attempt to come to some arrangement, some opinion on that, a consensus of the view.

**Mr. Fortier:** Is there such a thing as a CKNW editorial policy?

**Mr. Hughes:** No. We have gone out on a number of crusades. The latest one, which would not be an editorial policy—I wish we had brought it with us—we published a full page ad with regard to pollution to attempt to show the people of British Columbia what a problem it was. We said, that if they felt it was a problem, they should write to the Pre-

mier of the province and bring their views, to his attention. We supplied them with a whole page to write on—a blank page of newspaper. Then I went on the air, myself with two minute comments on the pollution problem facing us here in the mainland; and I had the air people, the pilots on tape and they would tell me what they are experiencing from the smoke problem etc. We detached a man from the newsroom for a period and he went and covered the material and we ran that up until February.

Now we are going to shortly unveil a new program with regard to hospitals. We feel there is a genuine hospital crisis in British Columbia, especially in the lower mainland, where people are waiting and waiting. We are going to attempt to get public opinion and notice of the fact that something more should be done to get more hospitals built.

**The Chairman:** Perhaps because it is six o'clock we should terminate the hearing but perhaps I could ask one final question of Mr. Griffiths, with the forbearance of the Senators. I hope you will appreciate the spirit I put the question to you. You and Mr. Hughes have something in common, in that you both come from New Westminster. The discussion here this afternoon for almost two hours has centered substantially on CKNW and that is understandable because it is perhaps the premium station in your organization. Many of the questions we have put to you have been specifically on CKNW. Now the answer you may make is to be critical of us and say that our questions concerned CKNW.

Are you concerned about the fact that you are really, in terms of Winnipeg operation an absentee owner; and should I be concerned about absentee ownership when I reflect on the hearing and the fact that we spent all this time talking about CKNW and not at all about Winnipeg?

**Mr. Griffiths:** I think the questions that have been asked this afternoon by the committee could equally have been asked of the station manager and the news editor or CJOB. I think, and I am sure, otherwise I would not say so, that the answers would have been practically identical because the approaches are identical. At all times we say to the management that you have got to be of the people of the community, not just in the community. Moving to Calgary, the situation is slightly different. I would like to make comment on that. Winnipeg goes back mar-



years, because in Winnipeg we purchased an operation from someone who wished to retire from the business at that time, so there was no continuity except we have the same manager, and the same accountant, and the same news editor that were there that many years ago.

In Calgary we have taken a more up-to-date approach with the approval of our purchase, a series of things come into play. First of all, the principal members of the Board of Directors there continue to be directors. Half the directors are Calgarians and the other half will be from the west side of the mountains. The vendors there become substantial shareholders of Western, and the President of the Calgary company becomes a Western director. So we say, I think, that in every way and properly, the voice of Calgary is equally directly represented.

**The Chairman:** Thank you. If time allowed, and unhappily it does not, I would like to explore the relationship that you enjoy in Calgary and Winnipeg. I am grateful for the explanation you have given. I am sorry we cannot explore it at greater length.

Mr. Hughes mentioned my own background in broadcasting, and quite aside from that I am always apologetic when broadcasters appear before the committee because we hear in all your brief that you have appeared endlessly, or so it seems, before committees of inquiry—the CRTC, the BBG, the old CBC, and various royal commissions. These points have been made endlessly in the brief that we have received from broadcasters. We take that point, we understand that point, and we appreciate that problem.

I must say, gentlemen, we do not apologize for asking you here today. Indeed, very much on the contrary. This is a study of the overall media spectrum, and I suggest to you, had we omitted broadcasters, had we failed to include them in a study of this kind, the broadcasters would have been understandably offended. We are grateful to you and thank you.

May I remind the senators that we are going to meet for a few minutes in *Camera* at 7.30 p.m. The first session tomorrow morning is Countryside Holdings Limited at 10 a.m. in this room.

The committee adjourned.











Second Session—Twenty-eighth Parliament  
1969-70

# THE SENATE OF CANADA

## PROCEEDINGS OF THE SPECIAL SENATE COMMITTEE

### ON MASS MEDIA

The Honourable KEITH DAVEY, *Chairman*

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**No. 38**

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WEDNESDAY, APRIL 15, 1970

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#### WITNESSES:

*Countryside Holdings Limited*: Mr. G. Norris Mackenzie, President; Mr. Roger W. Warren, Director; Mr. Allan Rogers, Secretary.

*Radio Futura Limited*: Mr. Jack Tietolman, President; Mr. Corey Thomson, Vice-President; Mr. Ronald Carabine, General Manager, CKVN, Vancouver.

*Standard Broadcasting Corporation Limited*: Mr. W. C. Thornton Cran, President; Mr. Jack Dawson, Vice-President and Station Manager, CFRB Limited, Toronto; Mr. H. T. McCurdy, President, *CJAD Limited*, Montreal; Mr. J. Lyman Potts, President, *Standard Broadcast Productions Limited*; Mr. Donald Hartford, President, *CFRB Limited*, Toronto; Mr. Sidney Margles, Head, Special Events, *CJAD Limited*.

*La Fédération Professionnelle des Journalistes du Québec*: Mr. Gilles Gariépy, President of the Fédération, and Reporter, "*La Presse*"; Mr. Serge Ménard, Counsel; Mr. Claude Piché, Vice-President (Radio and Television), and Reporter, "*Présent*". Radio-Canada; Mrs. Lysianne Gagnon, Vice-President (Dailies), and Reporter, "*La Presse*".

MEMBERS OF THE  
SPECIAL SENATE COMMITTEE ON MASS MEDIA

The Honourable Keith Davey, *Chairman*

The Honourable L. P. Beaubien, *Deputy Chairman*

Beaubien	Kinnear	Prowse
Bourque	Macdonald ( <i>Cape Breton</i> )	Quart
Davey	McElman	Smith
Everett	Petten	Sparrow
Hays	Phillips ( <i>Prince</i> )	Welch

(15 members)

Quorum 5



## ORDERS OF REFERENCE

Extract from the Minutes of the Proceedings of the Senate, Wednesday, October 29th, 1969.

With leave of the Senate,

The Honourable Senator Davey moved, seconded by the Honourable Senator Lang:

That a Special Committee of the Senate be appointed to consider and report upon the ownership and control of the major means of mass public communication in Canada, in particular, and without restricting the generality of the foregoing, to examine and report upon the extent and nature of their impact and influence on the Canadian public, to be known as the Special Committee of the Senate on Mass Media;

That the Committee have power to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of the inquiry;

That the Committee have power to send for persons, papers and records, to examine witnesses, to report from time to time and to print such papers and evidence from day to day as may be ordered by the Committee;

That the Committee have power to sit during adjournment of the Senate and that Rule 76(4) be suspended in relation to this Special Committee from 9th to 18th December, 1969, both inclusive, and the Committee have power to sit during sittings of the Senate for that period;

That the papers and evidence received and taken on the subject in the preceding session be referred to the Committee; and

That the Committee be composed of the Honourable Senators Beaubien, Davey, Everett, Giguère, Hays, Irvine, Langlois, Macdonald (*Cape Breton*), McElman, Petten, Prowse, Sparrow, Urquhart, White and Willis.

After debate, and—

The question being put on the motion, it was—

Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Thursday, November 6th, 1969.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Smith:

That the names of the Honourable Senators Giguère and Urquhart be removed from the list of Senators serving on the Special Committee of the Senate on Mass Media; and

That the names of the Honourable Senators Bourque, Smith and Welch be added to the list of Senators serving on the said Special Committee.

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Friday, December 19th, 1969.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Langlois:

That the names of the Honourable Senators Bélisle and Phillips (*Prince*) be substituted for those of the Honourable Senators Welch and White on the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Tuesday, February 3, 1970.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Langlois:

That Rule 76(4) be suspended in relation to the Special Committee of the Senate on Mass Media from 10th to 19th February, 1970, both inclusive, and that the Committee have power to sit during sittings of the Senate for that period.

After debate, and—

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Thursday, February 5, 1970.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Haig:

That the names of the Honourable Senators Quart and Welch be substituted for those of the Honourable Senators Bélisle and Willis on the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Tuesday, February 17, 1970.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Connolly (*Halifax North*):

That the name of the Honourable Senator Kinnear be added to the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Tuesday, March 3, 1970.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Denis, P.C.:

That the name of the Honourable Senator Langlois be removed from the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Tuesday, March 3, 1970.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Denis, P.C.:

That Rule 76(4) be suspended in relation to the Special Committee of the Senate on Mass Media from 4th to 13th March, 1970, both inclusive, and that the Committee have power to sit during sittings of the Senate for that period.

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Thursday, March 19, 1970.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Smith:



That Rule 76(4) be suspended in relation to the Special Committee of the Senate on Mass Media on 24th and 25th March, 1970, and from 14th to 23rd April, 1970, both inclusive, and that the Committee have power to sit during sittings of the Senate for that period.

After debate, and—

The question being put on the motion, it was—  
Resolved in the affirmative.

ROBERT FORTIER,  
*Clerk of the Senate.*

## MINUTES OF PROCEEDINGS

WEDNESDAY, April 15, 1970.

(38)

Pursuant to adjournment and notice the Special Senate Committee on Mass Media met this day at 10.00 a.m.

*Present:* The Honourable Senators: Davey, (*Chairman*); Kinnear, McElman, Petten, Smith and Sparrow. (6)

*In attendance:* Miss Marianne Barrie, Director and Administrator; Mr. Borden Spears, Executive Consultant; Mr. Yves Fortier, Counsel.

The following witnesses were heard:

Mr. G. Norris Mackenzie, President, *Countryside Holdings Limited*;

Mr. Roger W. Warren, Director, *Countryside Holdings Limited*;

Mr. Allan Rogers, Secretary, *Countryside Holdings Limited*;

Mr. Corey Thomson, Vice-President, *Radio Futura Limited*;

Mr. Ronald Carabine, General Manager, CKVN, Vancouver;

Mr. Jack Tietolman, President, *Radio Futura Limited*.

The following witness, representing *Radio Futura Limited*, was also present, but was not heard:

Mr. Marcel Provost, Programme Director, CKVL—AM and CKVL—FM, Montreal, Que.

At 1.00 p.m. the Committee adjourned to 2.30 p.m.

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At 2.30 p.m. the Committee resumed.

*Present:* The Honourable Senators: Davey, (*Chairman*); Kinnear, McElman, Petten, Smith and Sparrow. (6)

*In attendance:* Miss Marianne Barrie, Director and Administrator; Mr. Borden Spears, Executive Consultant; Mr. Yves Fortier, Counsel.

The following witnesses, representing *Standard Broadcasting Corporation Limited*, were heard:

Mr. W. C. Thornton Cran, President, *Standard Broadcasting Corporation Limited*, Toronto;

Mr. Jack Dawson, Vice-President and Station Manager, *CFRB Limited*, Toronto;

Mr. H. T. McCurdy, President, *CJAD Limited*, Montreal;

Mr. J. Lyman Potts, President, *Standard Broadcast Productions Limited*;

Mr. Donald Hartford, President, *CFRB Limited*, Toronto;

Mr. Sidney Margles, Head, Special Events, *CJAD Limited*.

At 5.30 p.m. the Committee adjourned to 8.00 p.m.

At 8.00 p.m. the Committee resumed.

*Present:* The Honourable Senators: Davey, (*Chairman*); Hays, Petten, Smith and Sparrow. (5)

*In attendance:* Miss Marianne Barrie, Director and Administrator; Mr. Borden Spears, Executive Consultant; Mr. Yves Fortier, Counsel.

The following witnesses, representing *La Fédération Professionnelle des Journalistes du Québec*, were heard:

Mr. Gilles Gariépy, President of the Fédération, and Reporter, "*La Presse*";

Mr. Serge Ménard, Counsel;

Mr. Claude Piché, Vice-President (Radio and Television), and Reporter, "*Present*", Radio-Canada;

Mrs. Lysianne Gagnon, Vice-President (Dailies), and Reporter, "*La Presse*";

The following witnesses were also present but were not heard:

Mr. Louis Falardeau, General Secretary;

Mr. Murray Maltais, Regional Director (Outaouais Region), and Reporter, "*Le Droit*".

At 10.00 p.m. the Committee adjourned to Thursday, April 16, 1970, at 10.00 a.m.

ATTEST.

Denis Bouffard,  
*Clerk of the Committee.*



## THE SPECIAL SENATE COMMITTEE ON MASS MEDIA

### EVIDENCE

Ottawa, Wednesday, April 15, 1970.

—The Special Senate Committee on mass media met this day at 10.00 a.m.

**Senator Keith Davey** (*Chairman*) In the Chair.

**The Chairman:** Honourable Senators, if I may call this session to order. This morning we are going to receive two briefs. At 11:30 we will hear from Radio Futura Limited, and their Montreal and Vancouver stations. However the first brief we are going to receive is from Countryside Holdings Limited. Sitting on my immediate right is an old friend of mine, Mr. Norris Mackenzie, who is the President of Countryside Holdings Limited.

I think I might perhaps ask Mr. Mackenzie to introduce his associates, but before I do so, I should simply say to him the procedure here is simple. The brief you were kind enough to send us three weeks in advance, as we requested, has been received by the Senators, it has been circulated and presumably studied by them. We would like you to take a few minutes now to introduce your colleagues and then take ten or twelve or fifteen minutes to comment on your brief or other things that may be on your mind.

Then, following that we would like to question you on your brief and on your oral submissions and other matters as well.

I might say it is not necessary for you to make an introductory statement but the time is yours if you wish to use it.

**Mr. G. Norris Mackenzie, President, Countryside Holdings Limited:** Are you suggesting I should ad lib?

**The Chairman:** You are pretty good at ad libbing.

**Mr. Mackenzie:** Ladies and gentlemen, good morning. To my right is Allan Rogers, who is the Secretary of Countryside Holdings Limited and a partner of mine without a cross word for about 13 or 14 years and that is pretty good. He is also a lawyer.

**The Chairman:** That is especially good if he is a lawyer.

**Mr. Mackenzie:** And a good lawyer. On my left is Roger Warren, who is with A. E. Ames & Co. Ltd., in Toronto and is also a director of Countryside Holdings Limited. I am the President.

I did not expect, Senator, to have the privilege of addressing this august hearing so early in the morning.

**The Chairman:** It is not necessary. If you would like to say anything, you may do so but you certainly do not have to.

**Mr. Mackenzie:** I will be happy to give you a verbal run-down, which is not necessarily in this brief.

We are summer residents of the Muskoka area. Many years ago Allan and myself and our then partner, a Chartered Accountant whose name is Douglas Haig, decided at Huntsville, at least, by merit of some technical reason or the other, we could not get good radio. CFRB is a fine radio station but we could not always get it because it comes and goes.

There are weekly papers in the neighbourhood of Huntsville, Bracebridge and Parry Sound. But there was really no daily form of inter-communication between these areas. This is true. We were thinking of the winter time primarily—and of course, in the summer. Even in those days there was a tremendous influx of tourists. So, not having too many brains, we decided to start a radio station at Huntsville and we did.

In those days we did not really know very much. We applied for 250 watts and we had a very good frequency. It was 590 on the dial. We found to our chagrin this power would not do anything for us so we re-applied and got 1000 watts and then we were still in trouble and had to put up a satellite at Parry Sound.

It may be of some interest to this group to know, I think in all of Canada, CKAR is the

only station that has its so-called satellite with the very same call letters which is CKAR at Huntsville and CKAR-1 at Parry Sound.

This is a very small community. Both communities, internally in the Parry Sound area and at Huntsville, represent a very few thousand people but there is this area. There are inter-hockey games and so on.

We found nothing but problems in ground conductivity because the very reason we could not get CFRB was also the reason we could not get our stuff out as well as we wanted to. We have had a nice time in getting this organized and it has been a great education. We have learned a lot. We have had to.

Had it not been for the fact we are all otherwise employed, this being our first station, we probably would have had a lot of trouble keeping it going and we did anyway.

I am very pleased to tell you this year, 1970,—I believe it is our twelfth year of operation or possibly thirteenth—we are budgeting for a very modest profit. In the meantime, this station has, in my honest view, done something of which we are all very proud; it did indeed and does indeed really and truly contribute a great deal to the area in which it operates.

A lot of people, will take a look at any small radio station in any small community and immediately will begin to compare it with the *Toronto Star*, for example, or something in the big city, which is rather flattering.

Our little radio station because we listen to it all the time, it is no CFRB, it cannot be, but it is a very fine locally oriented and I think, nicely programmed station. It is one of those stations that has to be all things to all people with the result we have the normal allowance of the kind of music that probably appeals to this group, which is "Dancing in the Dark," it's my style. We have a little bit of religion which I am sure is the Senator's style, and some sports and things of this nature plus the rock and roll which will drive you right out of your mind, but we have it all. This is the sort of service that we try and operate in Countryside broadly speaking. CKAR was our first one and they are all now healthy, growing babies.

I think that really tells you what we are doing.

**The Chairman:** Thank you very much.

The questioning this morning will begin with Senator Sparrow.

**Senator Sparrow:** Thank you, Mr. Chairman. Could you give me the listening audience break-down of the stations referred to in your Brief, Huntsville, Parry Sound, Stratford, Woodstock and Orillia? Could you give us an idea of the size of your stations?

**Mr. Mackenzie:** Well, Senator, in Huntsville, as I have described to you, it is not exactly the Queen Mary in relation to luxury. We do not subscribe to the BBM survey. There is another reason too because of the area itself and because of the nature of the area where tourism represents a tremendous thing. I do not think we can. We have tried to attack that position with advertising agencies too. We can only tell you that in the area we serve, most of the time in most of the area, we are by far the strongest signal and business is good. We get good reaction to it. I cannot give you the numbers.

Huntsville itself has a population of something under 4,000 people. Again, depending believe it or not, on weather conditions, we can be heard in Bracebridge, in town sometimes and other times not if electrical wires are buzzing, but we can be heard outside and all along the lake resorts. It is an impossible question to answer.

**Senator Sparrow:** And the other stations?

**Mr. Mackenzie:** As to Woodstock and Stratford, I have not got the figures. The two areas would represent probably a metropolitan population of a total of around 50,000. Between Stratford and Woodstock, I think you could safely say on the average day and night we would at least have 60 or 65 per cent of the audience overall. This is in town of course. You also have the farm areas.

**The Chairman:** I have a supplementary just before you go on, on Huntsville. You mentioned 4,000 population. It must be around three times that number in the summer or four times or even five times. I do not know.

**Mr. Mackenzie:** We do not know either but the Tourist Association and various other people who are interested in tourism, for instance, take a count at the Algonquin Park gates.

Now, years ago we were looking for 200,000 or 300,000 summertime visitors in the Muskoka-Parry Sound area. This is a great big

carpet. It absorbs people like you can hardly believe. On Saturday mornings or any morning in town parking was a real problem.

We would have to say nowadays there is at least I would guess 300,000 summer visitors right around the Huntsville, Lake of Bays area, and of course with skidoos and the opening of winter activities, the hotels are doing quite a good business up there this last year or so.

**The Chairman:** I make the point because the Senators are not as familiar with the area as you are and, of course, I am.

One further supplementary question. Do you therefore sell, unlike most radio stations, more national advertising during the summer months?

**Mr. Mackenzie:** As a matter of fact, yes, that is correct. We have been very fortunate that way inasmuch as everything is not done by a computer. There are some people in the advertising agency, believe it or not, who still believe what they see.

Yes, we did well that way.

**Senator Sparrow:** You made reference to Huntsville and said you are at least budgeting for a profit this year. The other stations are all profitable?

**Mr. Mackenzie:** They all show a black figure.

**Senator Sparrow:** In your brief you show Gordon A. Sinclair as a director, holding one share. That is Gordon Allan Sinclair, I assume, the TV personality?

**Mr. Mackenzie:** Yes.

**Senator Sparrow:** Maybe I should ask Gordon Sinclair this question. What value is he to the company as a director and what kind of money would he make as a director?

**The Chairman:** Answer the second question first.

**Mr. Mackenzie:** Well, he makes about the same kind of money as the rest of us do but I do not know if we gave him his dollar this year or not. He takes it out at Christmas time occasionally. We do not pay him anything. He is there primarily because this is a small company and Gordon Sinclair was a very good friend to me during the opening of my first company and he has got a good brain. We appreciate him.

**The Chairman:** You sound surprised.

**Mr. Mackenzie:** No, he is a good businessman too.

**The Chairman:** Well, I think it is important that we have it on the record, in view of his well-known questioning on another program, that you do not pay him anything. He performs for...

**Mr. Mackenzie:** Oh yes, he does, just because I think he enjoys it and he contributes a great deal.

One of the other reasons he is with us is because when we assumed control of CKMP in Midland, he was one of the original investors with the then owner-management and so this lead us into this.

**The Chairman:** With his son? Was not his son involved in that?

**Mr. Mackenzie:** No, that was Bruce Armstrong.

**Senator McElman:** A supplementary Sinclair question would be: Is he worth as much as you pay him?

**Mr. Mackenzie:** Senator, I will ask him that.

**The Chairman:** I think we probably have not dealt with the second part of Senator Sparrow's question which is: What does he contribute? Does he give you advice and so on?

**Mr. Mackenzie:** I think I will ask Allan Rogers to answer that question.

**Allan D. Rogers, Secretary, Countryside Holdings Limited:** Yes, I think he does. He is quite faithful about attending directors' meetings when they call them. If he can possibly attend he does and he is of course, a long time, well-known summer resident of Bala, which is in the Midland-Muskoka-Orillia area.

Yes, I think he makes a contribution to the general operation of the company.

**Senator Sparrow:** Mr. Mackenzie, in your biographical sketch I note you have been in the broadcasting business most of your life, commencing with CJCA and then with CKWX, CKOC and All-Canada Toronto. Are you still associated in any way with these other interests?

**Mr. Mackenzie:** No.



**Senator Sparrow:** That was just an employment field?

**Mr. Mackenzie:** That is correct.

**Senator Sparrow:** So All-Canada at the moment has no connection with you or any of your other interests?

**Mr. Mackenzie:** No.

**Senator Sparrow:** What does G. N. Mackenzie Limited do?

**Mr. Mackenzie:** I am glad you asked, Senator. That company was a program producing and a program distribution company. Primarily it started off as a manufacturers' agency for American-type or Australian or whatever material was available and sellable to our Canadian radio stations fraternity.

It then got into the business of the production of Canadian, both English and French type material which was sponsored, as Senator Davey will remember, by people like Swift's and Chesebrough-Pond's, both English and French. It then became a distributing factor for news. I have sold it but it, broadly speaking, was in the production end of radio for both local and national type clients.

**Senator Sparrow:** You have since sold the company?

**Mr. Mackenzie:** Yes sir.

**Senator Sparrow:** So your only business in the field is with Countryside?

**Mr. Mackenzie:** That is correct.

**The Chairman:** Do you make your home in the community now?

**Mr. Mackenzie:** You mean...?

**The Chairman:** In Huntsville?

**Mr. Mackenzie:** No, I live in Toronto. We have a home in Port Sydney.

**The Chairman:** I see.

**Senator Sparrow:** On page 2 of your brief you refer to the time you purchased CKAR and later on CJCS. Then you say:

"It is doubtful if CKAR and CKAR-1 could have survived if Countryside had not acquired CJCS in Stratford."

Why?

**Mr. Mackenzie:** Well, I would defer to Mr. Rogers on this with just one opening comment.

That is that CKAR needed a tremendous amount of financial transfusions and CJCS was a profitable organization and gave us a cash flow that helped us with our bank and so on.

Maybe Allan can enlarge on that.

**Mr. Rogers:** Yes. What happened was for the first twelve years or eleven years of its existence, CKAR did not make any money and in fact in a number of years it lost reasonably substantial sums.

When we acquired CJCS, as Mr. Mackenzie has pointed out, it had a good cash flow and it enabled us to obtain bank financing, inter-company loans and this sort of thing which kept CKAR in operation.

**Senator Sparrow:** Not particularly for efficiency of broadcasting or selling?

**Mr. Rogers:** No.

**Senator Sparrow:** It just received a cash insert?

**Mr. Rogers:** Yes.

**Senator Sparrow:** You say in the middle of page 3:

"The directors of Countryside are not prepared to express an opinion as to whether or not multiple media ownership is socially desirable."

I do not quite understand that comment. Why are you not prepared to express an opinion? I presume you have one? Why would you not be prepared to express it?

**Mr. Mackenzie:** Well, Allan, you wrote that part.

**Mr. Rogers:** Well, I think the reason for that statement was this: that in our opinion small stations such as we have, and especially marginal stations such as CKAR in the earlier days and CKMP, were not economically feasible. They just did not make money. They lost money. It took a number of years to get them going so they are accepted by the people and have good ratings and so on. I think to that extent if any one wants to open a radio station today, he must either have a very large financial backing to suffer through the first three or four or five years of if he has a group of stations, he can use the economically sound ones to help along the lame ones.

To that extent I think that multiple media ownership is desirable. Whether it is socially desirable I am not quite sure.

What does multiple media ownership mean? I can see, for example, dangers in the so-called cross media ownership, newspapers, radio stations and all these things. It may not be desirable if someone has too much, too many types of media in one certain area.

**The Chairman:** Well, Mr. Rogers, you say "It may not be". Is it or is it not?

**Mr. Rogers:** I do not know. We have never had cross media ownership.

**The Chairman:** I think that the way Senator Sparrow puts his question to you is a good way. It is very important for broadcasters who come before this Committee to realize that, as I am sure you do, this is not a CRTC hearing. No one has been on trial here and certainly CKAR and Countryside is not on trial here.

We are particularly interested in where Countryside fits into the broad spectrum of things and what you think about the over-all media picture. Some of the questions you are answering by saying "if" or "maybe". Please do not feel you need to be so diplomatic. Say what you think.

**Mr. Rogers:** Well, let me put it this way. I think that it is socially desirable so far as small radio stations are concerned and that is what we are. That is what we know about.

**The Chairman:** Well, I think it is interesting for us to know that.

**Mr. Rogers:** I think it results in a better financial base. I think it results in some programming pluses because the good stations can program better than poorer ones. They can hire better personnel and we can have an interchange of managers. They meet and discuss things. We think this results in our stations having better programs and doing a better job than if they were just very small stations that were not properly financed.

So, to that extent I think it is socially desirable.

On the other hand—I speak personally—I can see that multiple media ownership may not be socially desirable if one person owns all forms of media in one particular market. Now, we do not do that.

**The Chairman:** Or if one person owns all the radio stations in Canada, for example?

**Mr. Rogers:** Yes, exactly, so I cannot say "Yes" or "No". Obviously I think what we are doing is socially desirable but I do not think

it would be socially desirable perhaps if in any one area we owned the newspaper, the radio station and the television station and so on.

**The Chairman:** Do you wish to add something, Mr. Mackenzie?

**Mr. MacKenzie:** Yes. Well, if I might add one thing. I believe an awful lot of this gets right down to human relationships. You say and you are right that this is not the CRTC but we all have to have an opinion.

I believe you will agree with me that Canada, as a nation, has been fortunate in the type of entrepreneur who has invested his time and his money in private operational broadcasting of both areas. We are lucky to have the type of people we have who are running this. Of course in the progress of growing, as our country did, an opportunity comes along in a given market and the gentleman says "Well, this is part of our thing".

I, broadly speaking, think we have been fortunate so far.

**Mr. Fortier:** Supplementary?

**The Chairman:** Yes, Mr. Fortier.

**Mr. Fortier:** Referring back to what Mr. Rogers just said about the advantages of multiple ownership, I find it difficult to reconcile what he has just uttered to the Committee with what I see on page 3 of the Company's Brief in the first paragraph, the last sentence there.

Maybe Mr. Rogers is going to say now that Mr. Mackenzie wrote this one but he said: "...otherwise there appears to be little advantage, at least insofar as Countryside is concerned" and that is from owning or controlling a number of stations.

I think you have just put your finger on a number of advantages, some very substantial ones, as I understood you. How would you reconcile this?

**Mr. Rogers:** Well, I think what I am saying is that the advantages, in my mind, boil down to really two things. One, economics and two, if you have four or five managers who have different ideas and hold managers' meetings and so on, they meet and come up with new programming ideas. This is what we are doing in Orillia and it is working and what we do in Woodstock, but apart from that, I do not see any great advantages.

**Mr. Fortier:** I thought in your first statement that you were indicating that there were rather substantial advantages flowing from owning more than one radio station. Now you are sort of soft-peddalling a little.

**Mr. Rogers:** No, I did not mean to. I think I am saying and I will say again that without multiple ownership I do not think CKAR could have survived and I think it is important that it did.

**Mr. Fortier:** Yes, that point is made in the brief, I agree.

**Senator Smith:** Why would that be so?

**Mr. Rogers:** Because CKAR lost money for ten or eleven years and CJCS made money and we were able to finance CKAR with our profits from Stratford.

**The Chairman:** May I ask a question? On this CKAR losing money for the first ten years, frankly, Mr. Mackenzie, that was a great surprise to me. You planned the station and you thought you would make money obviously. What went wrong? Why did you not make money? Where were your...

**Mr. Mackenzie:** Errors?

**The Chairman:** No, I will not say "errors". Why did it take you ten years? I am sure you did not think it would.

**Mr. Mackenzie:** No. It is like anything else. It is not always planned that way. We bumped into a situation of straight ordinary mechanical problems. Frankly today, I do not think any of the gentlemen in our Board know how to plug in a toaster in relation to getting a transmitter going and the government comes along with readings on conductivity which read thus, and the Engineering Department say on that basis it will go this far.

It developed there were errors right on the ground so when we started our first transmitter it didn't work. We therefore had to get a second transmitter to literally cover the area.

The business of capital investment in literally two radio stations instead of one, the cost of transportation of the signal between Huntsville and Parry Sound on a common carrier was a continuing monthly expense.

Then you have the situation, Senator, that you are aware of and that is that any new radio station starts up this way, which ours did, it cools down and then has that long

hopeful climb up. This is precisely what happened.

**The Chairman:** A particularly helpful question that I could ask because we are interested in similar stations everywhere in Canada: Was the market too small for a radio station? How small can a market be to support a radio station?

**Mr. Mackenzie:** I suppose that depends entirely on the economic situation involved. I think broadly speaking we did not feel the market was too small because we made comparisons, for example, with Peterborough County.

We took a look at the then population and I remember it was a static population of about 60,000 people in the Muskoka-Parry Sound area, not in the cities; but over in Peterborough they had 90,000 or 95,000, but their situation was well down. In those days they had only one radio station. I believe they had a television station and they had two daily newspapers.

In the area we were serving, as I pointed out, there was no daily form of intercommunication in those areas. We therefore felt that with the combination of what has happened, which with the population explosion, the fact that tourism is there, yes, we were right but it was a long time being right.

It was not a quick dollar or a quick situation.

**The Chairman:** In your opinion—I know you know the country well because you have travelled extensively, are there many communities left in Canada which are potential areas for new radio stations?

**Mr. Mackenzie:** In my opinion I hope we do not. This is not because of our small involvement but I sincerely hope that our governing authorities here recognize the errors, in my opinion, that have been made by the FCC in giving too many licences to too many people. Frankly, I do not believe this country needs a single more radio station that I can think of.

**Senator Sparrow:** Getting back to your comments on CJCS and CKAR and CKAR-1 not being able to survive; they could have survived just every bit as well had there been an insertion of personal capital or capital from another corporation outside the broadcasting field?

**Mr. Mackenzie:** Oh yes.

**Senator Sparrow:** There is not a direct connection. Is that what you are saying?



**Mr. Rogers:** I am saying that except to perhaps qualify it to this extent. I think if the then directors or entrepreneurs who established CKAR had not put in their own money, I believe no one else would have. After you have suffered through four or five years and you keep taking money out of your pocket, unless you can get it reasonably painlessly, it becomes a little humdrum.

**Senator Sparrow:** A related industry paying the shot, in other words.

**Mr. Rogers:** Right.

**Senator Sparrow:** Rather than some other industry?

**Mr. Rogers:** Right.

**Senator Sparrow:** I am not sure I know the value of this question to the Committee but it will be interesting for me to know at least and I hope to the Committee.

You have referred to the fact you have a management arrangement or you have management control of the two stations in which you own 50 per cent. What type of management arrangements do you have? Simply what would that management arrangement be?

**Mr. Rogers:** It is very simple. Both of those stations are owned 50 per cent by Countryside and 50 per cent by one other shareholder. It is as simple as that. We have a letter of arrangement between us and it simply says that Countryside shall have the management control of the stations. That is all it says.

**Senator Sparrow:** And you charge a management fee?

**Mr. Mackenzie:** Yes.

**Mr. Rogers:** Mr. Mackenzie charges a management fee.

**Senator Sparrow:** As an individual.

**Mr. Rogers:** As an individual.

**Senator Sparrow:** Then Countryside themselves do not charge?

**Mr. Rogers:** No, Countryside does not charge.

**The Chairman:** Mr. Fortier has a supplementary on this, Senator Sparrow.

**Senator Sparrow:** Yes.

**Mr. Fortier:** If we may deal with Orillia for a second. Your partners there are MacLean-Hunter?

**Mr. Rogers:** That is right.

**Mr. Fortier:** Do they provide you with any know-how at all, given, of course, their involvement in the field of communication, or do they disinterest themselves entirely from their investment in CFOR?

**Mr. Rogers:** I think it is fair to say that when we went into that organization that it was our know-how that they required.

**Mr. Fortier:** Were they already there, Mr. Rogers, when you went in?

**Mr. Rogers:** It was owned by another subsidiary of Maclean-Hunter's and two other persons.

**Mr. Fortier:** Did you buy your 50 per cent from MacLean-Hunter?

**Mr. Rogers:** No, we bought it from a company called Great Lakes Broadcasting.

**Mr. Fortier:** So that MacLean-Hunter were already there with their 50 per cent?

**Mr. Rogers:** In effect what happened was that we incorporated Orillia Broadcasting Limited which bought the assets of CFOR Orillia from Great Lakes and then Maclean-Hunter and Countryside each owned half the stock of the new company.

**Mr. Fortier:** Do you have meetings of the Board of Directors of Orillia Broadcasting Limited?

**Mr. Rogers:** There are...

**Mr. Fortier:** Maybe I should have asked my first question. Are there any of MacLean-Hunter's representatives on the Board?

**Mr. Rogers:** No. Very infrequently; they are furnished weekly with sales reports and that sort of thing but they leave the management of the station to us.

**Mr. Fortier:** And they do not give you any tip as to how a communications company should be run?

**Mr. Mackenzie:** It was the reverse, Mr. Fortier.

**Mr. Fortier:** Have you ever sought in recent years their advice on anything and been met with a refusal to provide it?

**Mr. Mackenzie:** We asked them for a couple of million dollars and they hesitated.

**Mr. Rogers:** We have not asked them.

**Mr. Fortier:** You have not.

**Mr. Rogers:** I am sure they would give us whatever information they could if we had asked them.

**Mr. Fortier:** Do you find it an advantage or a hindrance to be in equal partnership with Maclean-Hunter in the ownership of a radio station in Ontario?

**Mr. Rogers:** I think I can honestly say so far as both Oxford and Orillia are concerned we operate the stations. We furnish our partners with financial statements and that is the way it has been and there has been no problem.

**Mr. Fortier:** No problem at all, but you would be just as well off—again with no reference to the particular problems that you have in any station—if you owned 100 per cent of the shares. Is that correct?

You do not get anything from your association.

**Mr. Rogers:** Frankly except for tax reasons we would be as well off.

**Mr. Fortier:** Except for the tax reasons which you go into in your brief?

**Mr. Rogers:** Yes, right.

**Mr. Fortier:** Who are your partners in Midland in CKMP?

**Mr. Rogers:** I could give you a run down of the shareholders of all of them, if you wish.

**The Chairman:** Do you wish to have them tabled or would you rather discuss them?

**Mr. Fortier:** Unless there is one substantial shareholder, I think we should have them just tabled.

**The Chairman:** I think it would be quite sensible to table those with us. If there are any major shareholders, as Mr. Fortier mentioned, perhaps you would like to mention them.

**Mr. Rogers:** Perhaps I could give you the major shareholders. In Huntsville there are really none. In Midland the only major shareholders are Bruce Armstrong who is the President and Manager and Gordon Sinclair has a minority interest. He was an original shareholder in that station. CJCS we own outright. Orillia, as you know, is 50 per cent between ourselves and Maclean-Hunter. Woodstock is 50-50 between ourselves and Ferris Agencies Ltd. That is Gordon Ferris & Company.

**The Chairman:** Would you table a copy of that with us, please.

**Mr. Rogers:** I can send it. I just scratched it out on a copy.

**The Chairman:** Thank you.

**Mr. Fortier:** So you own—whether it is 100 per cent or 50-50 or 53 per cent—and manage all those stations?

**Mr. Rogers:** That is correct.

**The Chairman:** Yes, Senator Sparrow.

**Senator Sparrow:** On page 3 of your brief at the bottom paragraph you refer to the income and estate tax laws.

What is your recommendation as far as estate taxes are concerned? I ask this question in two ways really; Is it that there should be no estate taxes or the rate is too high? Should there be special provision for the broadcasting media in particular?

**Mr. Rogers:** If I may answer the last question first. I do not think there should be special provisions for broadcasters as opposed to any other undertaking.

We are all residents of Ontario and the difficulty, frankly, in Ontario is that at the moment the federal Estate Tax provision work pretty much in conflict with the Ontario Succession Duty provisions. The Ontario Government, in its most recent budget, has, of course, quite substantially increased the exemption for widows but the difficulty frankly is this: that if any one of us were to die shortly and if the taxing authorities valued these personal holdings on what we think they are probably worth, frankly it would mean we would probably have to dispose of everything we have to pay our duties if we wanted to hold the Countryside stock, if we wanted to sell the Countryside stock, then we would have to find a buyer who would have to come in in a minority position and all would be subject to the requirements of the CRTC that they qualify and so on. So you ask me what my opinion is about our Estate taxes and Succession Duties, my opinion is that if we are to have a capital gains tax we ought not to have Estate taxes and Succession Duties.

**Mr. Fortier:** But you are not asking for special treatment for broadcasters?

**Mr. Rogers:** No.

**Senator Sparrow:** Well at the moment we have not got capital gains. If it did come, capital gains would be another problem to be faced.

**Mr. Rogers:** Yes. If a capital gain is to be imposed on estates, on persons who have enjoyed a capital gain at the time of death, then that tax must be paid, the federal estate tax must be paid and the Ontario succession duties must be paid. Then for a small private company or a reasonably substantial private company, it seems to me, you have to be liquid before you die. You can do one of two things. You can sell out or you can go public. It is, of course, just as simple as that.

**Senator Sparrow:** You refer to that again on page 4.

**Mr. Rogers:** Yes.

**Senator Sparrow:** Are any of your stations for sale?

**Mr. Rogers:** No sir.

**Mr. Mackenzie:** Well, just a moment; how much?

**Mr. Rogers:** Well, how much?

**Senator Sparrow:** I believe you have had offers to purchase these radio stations and I ask this particularly of the bigger companies in the broadcasting field.

**Mr. Rogers:** We are constantly receiving offers but as far as I am aware they always come from a broker so we do not really know who is making the offers. I do not think we have had...

**Mr. Mackenzie:** We have never entertained one of these with any seriousness because we feel people shop, a lot of them, so we really seriously have not looked at any specific offer in any serious way at all.

**Senator Sparrow:** You have a salable corporation.

**Mr. Rogers:** We believe so.

**Mr. Mackenzie:** Under normal conditions.

**Mr. Fortier:** May I ask a supplementary?

**The Chairman:** Yes.

**Mr. Fortier:** On this question of going public—maybe I should direct this question to Mr. Warren, he has an interest in any corporation going public. When I ask this ques-

tion I bear in mind the public trust nature of a communications company. Mr. Warren, is there any difference between a broadcasting firm and any other service industry in the arranging of capital by public financing that makes it more difficult in the case of a broadcasting company than in the case of any other corporation?

**Roger W. Warren, Director, Countryside Holdings Limited:** Well, basically speaking I am going to approach it slightly differently. First of all, as far as I am concerned, Countryside is too small at this stage to go public.

**Mr. Fortier:** Certainly it does not have a history of profit which would be a necessary ingredient.

**Mr. Warren:** I was going to get in to that. To start with I think size is important. I think we have had too many public issues which have been too small, with lack of marketability. This is a very, very important factor as far as an investor is concerned.

If there are not enough shares available, this means that any institutional investor probably will reject the issue simply because he has not got marketability. If he buys he has to buy too big a percentage and if he wants to sell it there is not a big enough market to take care of it.

The second point is the one you touched on, Mr. Fortier, the profit. In other words you have got to have good financial statistics in order to have a successful issue. Certainly any house, such as Ames and Co. Ltd. with which I am associated, wants a company with a good record and this is all important because when you sell something you want the selling party to be satisfied and also the buying party. The deal is only good if both sides are satisfied.

I myself would like to see more public issues in the communication field. I think I probably should add more issues. I feel our markets in Canada have not got enough issues of quality type stocks available. This is one of the major problems, particularly once again for institutional investors, that there is just not enough selection, not enough variety.

You take somebody like the Investors Group in Winnipeg. They own practically anything they can own. They could be getting into a controlling position in many of these companies which, of course, they should not get into and do not want to get into. Therefore they are forced to look to other countries for diversification within their portfolio.



Therefore I would like to see a situation created where it is advantageous for the communication field to go public. Granted there are problems with Canadian control and so on but we could get over that problem with the Bank Act, something along that line could be incorporated in legislation that would be passed.

**Mr. Fortier:** That is a very good general answer. I appreciate it but my question really was: Is it harder in your experience as a stockbroker for a broadcasting company to go public than for any other form of company?

**Mr. Warren:** I would say certainly in the last year it has not been because the broadcasting industry has caught the imagination of the investing public.

Right at the moment I would say it would be very difficult, the main reason being the uncertainties that have been created by recent statements brought down by the CRTC.

In fact, I have been out of the country for the last three weeks so I am not in a position to comment on this but I understand there is a doubt on exactly what is going on and that would make a public issue very difficult at this stage.

**Mr. Fortier:** Mr. Mackenzie, have you considered, prior to Mr. Benson tabling his White Paper, going public with Countryside?

**Mr. Mackenzie:** I feel we have probably always had the objective of becoming broader in the base and proceeding in this way. I do not think Mr. Benson's White Paper's comment was timed one way or the other in relation to this.

**Mr. Fortier:** Do you think it is a good thing or a bad thing in your mind for communication companies to become public concerns?

**Mr. Mackenzie:** That is a real tough one. It all depends where you are, I think.

**Mr. Fortier:** Well, say you are in your shoes today.

**Mr. Mackenzie:** Well, on the same basis that Mr. Rogers pointed out, I believe that everything is getting more and more competitive, more and more costly.

The services that are demanded or will be demanded in the '70's or '80's are going to be more extreme than they were in the '40's or '50's and in order to accomplish this, we are going to have to have more money.

**Mr. Fortier:** I think your case is a very natural one for this sort of question because in fact what you did twelve or thirteen years ago is, as a member of the public of the community during the summer, which was lacking in communications, you decided to start one so that there was part of the public which invested some money.

Do you think ideally that public should be involved and that the base should be extended?

**Mr. Mackenzie:** I think it would be advantageous to anyone concerned because first of all, of course, there would be a higher rate of local interest if you have a financial interest to a point and local responsibility.

I think it would be a healthy situation, yes.

**Mr. Fortier:** Do you think that government or government agencies or quasi-judicial agencies such as the CRTC, should encourage a broader base of ownership within the communications field?

**Mr. Mackenzie:** Well, Mr. Fortier, the way it is going I have to say that this is about the only route we have left to follow.

I have to assume that from what appears to be the guidelines, this is going to be the only answer.

**Mr. Fortier:** Unless you have terribly wealthy investors who will be paid to invest their money.

**Mr. Mackenzie:** I would guess that even that would be difficult in the years to come.

**Mr. Fortier:** I think I have to ask this question. You say "This appears to be where we are going". So I come back to my first question: Is this good or is this bad? Is the CRTC encouraging motherhood or it is encouraging vice?

**Mr. Mackenzie:** That is a very good question. I think that probably it is a good idea for people to get together. It follows the concept of the city and the town.

Everybody cannot afford to have their own car. You have to have a pool service occasionally. I think this is what you are discussing. The answer, I think and I expect it is the opinion of my partners, is that Yes, in the longer-run, we are heading for more of a community effort, not only in broadcasting but in many other things.

**Mr. Fortier:** This Committee is dealing with mass media. And my question was framed so

you would apply your mind exclusively to the nature of the industry in which you are involved. Is it a good or a bad thing that mass media belong to the masses?

**Mr. Mackenzie:** With proper direction I think it is a good thing.

**The Chairman:** Mr. Rogers wants to comment.

**Mr. Rogers:** I would agree I think that it is desirable that the public have an interest in the mass media. Certainly if you take the historic situation of CFRB, which has been a public company for many years. It is an excellent radio station and certainly I do not think anyone can be critical of CFRB having been a public company. There would have to be proper direction and management. Obviously you would hold shareholders' meetings but you cannot call in all of your shareholders and discuss programming with them. I think it again boils down to the people who manage the station but yes, I think it is desirable.

**The Chairman:** Did you wish to add something, Mr. Mackenzie?

**Mr. Mackenzie:** Just to the effect where in a city like Toronto you have four or five radio stations and the public has a wide choice as to which particular station they want to become part of.

**Senator Sparrow:** Your brief stated that the reason necessitating going public was primarily taxation and succession duties or estate taxes. Two other things have come up now, a broader base of ownership which you indicated you think was socially of value and when you made a statement that perhaps additional capital may be acquired by going public.

Is the company you now have not financially viable enough to look after its own operation and inter-expansion for the future or are you saying that by going public, you would extend into the broader field of broadcasting or media in local area as well as others; or do you need this capital just for the people you serve at the present time?

**Mr. Rogers:** No. I think we would need capital if we proposed to broaden our base. If we wanted to buy another radio station today, prices are extremely high and certainly we could not have the resources within our organization to acquire additional properties.

We do not need it for our operations.

**Senator Sparrow:** As such.

**Mr. Rogers:** That is right.

**Senator Sparrow:** You say somewhere in your brief that cable television would be your greatest problem.

**Mr. Rogers:** Yes.

**Senator Sparrow:** Where is that in your brief?

**Senator Smith:** Page 4.

**Senator Sparrow:** That seems to be your greatest concern at the moment apart from the regulations of the CRTC and so on. It appears, as well, I think somewhere there, that you are interested in going into the cable business yourself. Is that right?

**Mr. Rogers:** Right.

**Senator Sparrow:** You say:

"It appears to be only a matter of time before cable companies will be allowed to sell their time commercially..."

and so on.

How long do you think it will be—when you say this—that it is going to affect you drastically financially as you have indicated?

**Mr. Rogers:** I think our concern is that in the United States, the FCC is now permitting cable companies to sell advertising locally. It seems to us that if a cable company in Huntsville could go to the local car dealer and do a one-minute commercial with a hand held Brownie camera, it would not cost him much more than it would cost us to put on a one-minute commercial over the radio and that a cable company could go conceivably into the local advertising market quite substantially, but that I do not know.

**Senator Sparrow:** I am sorry. I do not mean to interrupt you. Is there cable in all of the centres now?

**Mr. Rogers:** Yes.

**Senator Sparrow:** There is. It is in all of them?

**Mr. Rogers:** Yes.

**Senator Sparrow:** Including Huntsville?

**Mr. Rogers:** Yes. I was going to add when you asked me when this might happen, I cannot answer that.



**The Chairman:** Do you think it will happen? Do you think there is a possibility?

**Mr. Rogers:** I think if cable companies are required to do some local programming, they will have to have additional revenues and I do not know where else it would come from.

**The Chairman:** So you confidently expect to see the cable companies selling local advertising.

**Mr. Rogers:** I think probably. Yes, I think so.

**Mr. Mackenzie:** It is the logical way it happens.

**Senator Sparrow:** I will change the subject if there are no further questions. At the top paragraph of page 5 you mention a rather disturbing thing. You say:

"It would be a brave broadcaster indeed who undertook to promote an unpopular cause. The result is that we do the best we can".

Further down you say:

"Under the existing rules no radio station, large or small, will do anything that may jeopardize its licence."

That is a disturbing statement and it should be of concern, I suppose, to all of us. Perhaps you might explain that further, in the light of what you are not doing that you could perhaps do if there wasn't some fear that it wouldn't be considered in the public interest?

**The Chairman:** Perhaps a supplementary question before you answer that: Are you not a brave broadcaster?

**Mr. Mackenzie:** Right up to my eyebrows.

**Mr. Rogers:** I can only think of some examples. I can think of the example when a radio station in Vancouver, CJOR did not have its licence renewed because of some open line program. I heard the programming and I am the first to admit it was in extremely bad taste. It was something that certainly we would not broadcast over our station facilities. The fact of the matter is that they lost their licence and frankly whatever was said over that station is being said every night on a lot of stages at least in Toronto.

**The Chairman:** Is there not a difference between singing on the stage and singing on a radio station?

**Mr. Rogers:** I think perhaps there is but the fact of the matter is that the licence was not renewed. Nothing was done there. I am certainly not trying to uphold what they did. I think it was very bad broadcasting.

On the other hand in other forms of entertainment, if you will, it is being done every day on the stage and motion pictures and so on.

Frankly the situation is that we know we are being monitored all the time. We know our licences are going to be renewed every two years. We are collared down to account for what we have done. We must account if we have done anything that the regulatory body does not want us to do.

**The Chairman:** Mr. Rogers, excuse me. You say "you are monitored all the time." Do you mean that literally the CRTC is listening to your station all the time?

**Mr. Rogers:** Well, as I understand it...

**The Chairman:** Is there somebody sitting at Huntsville listening to your radio station?

**Mr. Rogers:** No, that is not true, but there are monitoring stations, as I understand it, which do air checks.

**The Chairman:** They do air checks?

**Mr. Rogers:** That is right.

**The Chairman:** But that is not monitoring all the time.

**Mr. Rogers:** They do have monitors going in every day or once a week and so on. I think what I am saying in this respect is that if we do not have a licence we have nothing and I think it is as simple as that.

**The Chairman:** Could you give us an example of something that you would like to do which would be good broadcasting in the interest of your community and which you feel inhibited from doing?

**Mr. Mackenzie:** Well, I think, Senator, that anybody here is aware that CAB has just finished its closed session and because they are closed and because we are members of it I am just trying to intimate what the newspapers are now saying or will be carrying.

I think that most of the people in our business have got a conscience. I believe they are mostly intelligent. Historically, radio has never had as realistic an editorial opinion as the newspapers and I think the reason for



historically is because of the fact they are indeed utilizing a public frequency or channel and they are subject to—whether you like it or not—governmental scrutiny of one type or another. Mr. Rogers says it would be a brave broadcaster indeed who does. Well, there are a few of them. However, I believe that what we are really saying is that we would like to have a feeling of no Big Brother on our shoulders.

**The Chairman:** Well, you really have not answered the question. I would like still to have an example of something that you would like to do, something that you think would be good broadcasting and in the interests of your community, which you would like to do but which you feel inhibited from doing?

Let me offer an example. This question is not facetious. I want to know what you think. Do you think if your station aired regularly an announcement or if you editorialized clearly—saying this is an editorial comment—but suggesting that the Trudeau Government should be defeated and replaced by either the Stanfield Party or the New Democrats, let us say the Stanfield Government—do you think you would lose your licence?

**Mr. Mackenzie:** Well now, Senator, I am sure we would not lose our licence in that situation, nor would any other radio station in the country. I am simply pointing out to you historically that this sort of editorial approach has not been done to any effective degree across our whole country. Now, I have to leave to your imagination why not.

The newspapers are not under any form of governmental regulations such as we are. I think the time is coming when the broadcasting fraternity has got to stand up and say: "Look, we have a responsibility that goes with this authority"; but to answer your question, historically this is true.

**Mr. Fortier:** There are radio stations, Mr. Mackenzie, in the large cities—I cannot speak for Toronto but I can speak for Montreal—which editorialize on topics be they political or otherwise.

**Mr. Mackenzie:** You are thinking of the "Roberts' Report".

**The Chairman:** The "Roberts' Report" is a case in point.

**Mr. Mackenzie:** There is not enough of that and I think Mr. Roberts' point is that there is

not enough of that in relation to the 100 per cent of our population.

**Mr. Fortier:** Do you think the reason for that, consciously or unconsciously, is the fact that Big Brother, the CRTC is looking over you?

**Mr. Mackenzie:** There is another reason, Mr. Fortier, and again we get back to our specific situation.

Number one is, as you have read in our brief, none of the gentlemen here with me or myself have gone in to one of our radio stations and said "Now, look do it this way. I believe the White Paper is no good or I believe it is good", whatever it might be. We have never done that.

**Mr. Fortier:** Except as far as "going to hell" is concerned.

**Mr. Mackenzie:** Well, that is different. But you see, we do not have that right of interference.

I happen to think that Mr. Leslie Roberts has got a great brain. Whether you agree or not does not matter, but he works in a major centre like Montreal.

Mr. Gordon Sinclair, a director of ours, whether you like him or not, has got something to say and he says it. But you take a look around, take the different areas in the Maritimes or the West...

**The Chairman:** You have used the example of Gordon Sinclair because he is a director of your station. I cannot think of any broadcaster in Canada who says consistently, more outrageous and controversial things. Sometimes I agree with him and sometimes I do not agree with him but he tells you what he thinks and so do Pierre Berton and Charles Templeton on their program "Dialogue" which I understand is syndicated across the country.

Please believe me, gentlemen, I am not trying to back you into a corner and I am not trying to embarrass you. I would be grateful if you could give me one example of—to quote the paper—an unpopular cause that you think would be (a) good broadcasting and (b) in the interests of your community—something you would really like to do that you feel you are afraid to do.

**Mr. Mackenzie:** I do not think, Senator, that we really have a specific in mind.

**The Chairman:** It is general?

**Mr. Mackenzie:** I believe Mr. Rogers was pointing out a historical situation which anybody, such as you, who has been in this industry long enough to know—it is a broad fact in history.

I believe now we are coming to a point where we should and are in the major areas, coming out with specifics of "I do" or "I do not like". I hope that we are capable certainly politically, in our little way to do our best to make sure that the Conservative, the Liberal and whoever, has equal time.

This is as far as we have gone but we should improve it.

**Senator Sparrow:** Have you had occasion to discuss this with your individual managers saying that "I do not think we should do this on this station because of this fear of Big Brother"?

**Mr. Mackenzie:** No sir. We have never ever, Senator Sparrow, gone along on these lines. Our efforts as top management, if this be the word, is simply to run the best thing we know with the available information that we know is correct, be it coming from Canadian Press or whatever, and present it in the best possible way and do our job as good and local citizens.

We have never instructed management—if you happened to be a Liberal and I a Conservative or whatever—along these lines.

**Senator Sparrow:** Well, I do not understand that statement in that paragraph. You still have not got through to me:

"Under the existing rules no radio station, large or small, will do anything that may jeopardize its licence."

I am assuming you are talking about yourselves as well as other radio stations, but you have given us, at least me, nothing to indicate that that has happened.

**Mr. Mackenzie:** I tried, sir, to point out the fact that this is an historical situation in relation to editorial comment that you have read over your lifetime in newspapers and it is true that way.

**Senator Sparrow:** It seems to me that this is a programming matter rather than a fear matter. We have made reference to broadcasters who do editorialize and, to people who are involved in broadcasting who have not lost their licences and who have not lost their jobs and apparently no one put undue influ-

ence on them for having done this. Now, is that not a good enough example?

**Mr. Mackenzie:** It is an example, Senator Sparrow, but it is an example of a small proportion in relation to the number of licences in the country.

If you pick out CFRB, as I have, and CHAD, which are excellent; and they have brainpower with them; right? To me, they are leaders of our industry. I think we need more of them, as Mr. Rogers has said, and I hate to repeat it for the fourth time but the fact is that historically it has not been done for the reasons I have tried to outline.

**Senator Sparrow:** Is there undue influence or are you influenced in your station then by the fear of losing government advertising?

**Mr. Mackenzie:** No.

**Senator Sparrow:** Are you unduly influenced by other advertisers?

**Mr. Mackenzie:** No sir. This has nothing to do with advertising.

**Senator Sparrow:** No, I am opening up a different field.

**Mr. Mackenzie:** No, the facts of the matter are simple. Number one, in Huntsville we have not got a Leslie Roberts. That is for openers. Number two, historically the industry itself is now just developing sound or intelligent editorial policies. Number three, the leadership has been taken by the big leaders of our community which are the stations we have described. Number four. It is our hope that in future we will (a) develop the intelligence, and (b) start editorializing in a full way.

We cannot take too many sides because of our communities, we are all things to all people.

**Senator Smith:** Mr. Chairman, just on the point, just before we move on to something little different. A little while ago you were on this same phase and you started to make some reference to the Maritime Province. Now, will you go back and say it again?

I think what you are trying to arrive at is that you could not expect the small station to provide the kind of talent, with the knowledge to editorialize, and make those programs meaningful. Is that what you meant?

**Mr. Mackenzie:** Well, you see, my point is looking at your history or geography



because my father comes from Parrsboro and I have a built-in interest in it.

I think what I was talking about was the size of the community, whether ex-Toronto or ex-Montreal.

**Senator Smith:** I have the feeling, for example, that size does not necessarily mean the quality is not good enough for the big time.

I was delighted when I started to turn on a certain station in Ottawa a few years ago and I heard this little—Don Jamieson from a rather small city in Newfoundland, who was one of the best commentators on the air, in my opinion.

**The Chairman:** Finlay MacDonald from Halifax.

**Senator Smith:** ...And had a wonderful voice and so on.

There may be other Don Jamiesons.

**Mr. Mackenzie:** There are, sir. I am sure, as you are aware in our brief, we say our radio stations, small as they may be, we think they are good. We think they compare very favourably with any other local operation from the point of view of the weekly newspapers and so on.

They are also an excellent training ground for some of the people that you are discussing. We could list off one or two names you would know. Lloyd Robertson, who was on the air last night, is one of our Stratford alumni. This sort of thing, yes, but you do not find too many Don Jamiesons.

**The Chairman:** No, but in the brief you have not indicated that this is the reason you do not do these things; the fact that there are not too many Don Jamiesons. You have implied it is because Big Brother is watching you.

**Mr. Mackenzie:** That is right.

**Mr. Fortier:** May I suggest, Mr. Chairman, that Mr. Mackenzie put his finger on the real answer a few minutes ago. What their concern really is, I suggest, at the small broadcasting level, relatively speaking, is not your fear of losing a licence but rather your fear of losing an important segment of your audience.

**Mr. Mackenzie:** Or being unfair to them, Mr. Fortier.

**Mr. Fortier:** Being unfair to them in not telling them what they want to be told.

**Mr. Mackenzie:** On both sides of the question.

**Mr. Fortier:** Yes, exactly.

**Mr. Mackenzie:** I have also pointed out to you the fact that we do not have the Leslie Roberts type of analyst in Stratford or Woodstock and you can make an awful idiot of yourself if you go on the air with something that is improperly done.

**Senator Sparrow:** But that paragraph does not say that.

**Mr. Fortier:** Exactly.

**Mr. Mackenzie:** Perhaps it does not, sir, but I hope you know what we are thinking.

**Mr. Rogers:** I think it is as simple as this. Historically newspapers have editorized for hundreds of years. Canadian radio stations, until the last ten years, never have. There has got to be a reason for it, in my humble opinion.

**Mr. Fortier:** You go much further than that. This is a supplementary, Mr. Chairman. In your brief on page 7 and at the top of page 8, you speak of the number of investigations and the frequency of scrutinies.

You say:

"We think that to a degree the investigations and certainly the continuing scrutiny can only result in radio stations doing those things the various governmental bodies think the stations ought to do."

Now, I think you ought to be given a chance to explain what you mean here: that the governmental bodies are getting you to do the things that they wish to do.

This may be good in a certain area. This may be very bad—very bad if you mean they are doctoring your programs, of course.

**Mr. Rogers:** No, no. I did not mean that. I am sorry if that was the inference. I have more in mind, such things as the requirement as to commercial content, the requirement as to Canadian content.

Two of our radio stations are affiliated to the Canadian Broadcasting Corporation so we carry 26½ hours of CBC programming a week whether we like it or not. These are all...

**Mr. Fortier:** You are not criticizing those policies, are you? I mean the maximum times



to be devoted to commercials, the proposal with respect to Canadian music content. Are you criticizing those?

**Mr. Mackenzie:** I do not know whether you are but I am. We think these things have been propelled too quickly. We do not believe the theory is incorrect.

**Mr. Fortier:** Let us forget about the music content, although, if we have time I would like to get back to it.

Did the government regulations, emanating from the CRTC or emanating from the old BBG, by and large only serve to keep broadcasters in line, as you say at the end of your brief, or keeping them within certain boundaries or did they really prevent broadcasting from becoming "a vital industry", again quoting from your brief?

**Mr. Rogers:** May I answer one of those questions? The CRTC, so far, has taken the attitude that—I am subject to correction—we are only going to renew your licence for two years because we want to see how you are doing.

**Mr. Fortier:** Is that good or bad?

**Mr. Mackenzie:** It is pretty difficult.

**Mr. Rogers:** It is pretty difficult because...

**Mr. Fortier:** ...because of the sword which is hanging...

**Mr. Mackenzie:** No, because you need a big investment. If you owned a departmental store and you knew that everything you had was subject to going out the window in two years, and assuming you felt you were operating your departmental store as well as you knew how and it still could happen in this theory, this is worrisome.

**Mr. Fortier:** Of course, you know you are renting public property.

**Mr. Mackenzie:** We are renting it?

**Mr. Fortier:** In the broadcasting field.

**Mr. Mackenzie:** In effect then you can use that word, sir. I would suggest that it might be fairer to say that we are utilizing it to the benefit of the public.

**Senator Sparrow:** You want a longer term lease?

**Mr. Mackenzie:** Yes sir, within reason.

**Mr. Rogers:** If we break the law then all right, the CRTC or whatever the governmental body may be, should certainly have the power to call us down and warn us or cancel our licence or whatever; but what they are saying now, as I understand it, is that we are only going to renew your licence for two years because we want to see how you fellows are performing.

We know that and we are conscious of it. It makes financing extremely difficult. It cannot help in my personal view but have some effect on what you do with your station.

**The Chairman:** Senator Sparrow, are there other questions? We have another witness at 11:30. I have only one other question I would like to put to this witness.

**Mr. Fortier:** I have only one too.

**Senator McElman:** I have a supplementary.

**The Chairman:** We will have Senator McElman's supplementary and then Mr. Fortier and perhaps mine and then perhaps we can adjourn for a few minutes, until 11:30.

**Senator McElman:** I would like to get this matter of the sheer aspect of things down to a case in point.

I am sure, Mr. Mackenzie, you are familiar with Jack Fenety.

**Mr. Mackenzie:** I should say.

**Senator McElman:** The Immediate Past Vice-President of the CAB?

**Mr. Mackenzie:** A very old friend of mine.

**Senator McElman:** And an old timer, as you say. He is the top man at CFNB Fredericton, the oldest and strongest signal in the Maritimes.

I believe very recently, within the past few days, Jack was interviewed on his own station with respect to the proposals by the CRTC for content and so on. He was—I think I am being totally fair to him, I would not want to be unfair—we are friends—critical of the extreme of not only the proposed regulations but I think he backed up a bit...

**Mr. Mackenzie:** I beg your pardon?

**Senator McElman:** I think he backed up bit on the current regulations as well.

In any event he was extremely critical of the CRTC. Would this fall into the category of what you referred to as an unpopular?

cause and secondly, would you think that would in any sense jeopardize the likelihood of a renewal of licence?

**Mr. Mackenzie:** The last question, Senator, I just cannot answer because it is sort of a silly situation. The fact of the matter are that our whole industry at this particular point—and I have not had a chance to read this headline which says “The CRTC Hangman is over”, which the Senator has. Broadly speaking I think that our industry feels that it has done its very best as an industry. I believe it feels it has been subject to scrutiny that might promote a fear complex because of the nature of its business which indeed is a public franchise; and therefore with this feeling around your neck, you are really not playing hockey as well as you could if you did not have that approach.

I did not hear Jack's comments, but I imagine they were pretty straightforward. I am sure I would vote with him without even having heard it.

**Senator McElman:** To get back to my question, would you consider—let me say—the attack upon CRTC that that would possibly jeopardize one's chances for renewal of licence?

**Mr. Mackenzie:** That is a real dandy, is it not?

**Senator McElman:** It is meant to be.

**Mr. Mackenzie:** I think anything is possible. I will hide behind that one.

**Senator McElman:** There is a reference here to a fear.

**Mr. Mackenzie:** That is right.

**Senator McElman:** A very explicit and clear-cut reference. Would such a fear accompany such an attack?

**Mr. Mackenzie:** Would such a fear accompany such an attack?

**Senator McElman:** Such an attack upon the CRTC and their proposals?

**Mr. Mackenzie:** I think the Association as such, during its meeting this week will probably come out with the fact in an “United We Stand” approach.

**Senator McElman:** This is why I am asking; not in the ‘united’ situation, but I am asking in the case of an individual broadcaster?

**Mr. Mackenzie:** I believe he would have to be a man of great fortitude.

**Senator McElman:** In other words this is a courageous man of whom you are speaking who would, on his own, without the back-up of CAB would say “Here, I think this is bloody nonsense”.

**Mr. Mackenzie:** Exactment, Monsieur.

**Senator McElman:** This is the heart of what we have been talking about?

**Mr. Mackenzie:** Right.

**The Chairman:** Mr. Fortier?

**Mr. Fortier:** Given your history, Mr. Mackenzie, in this program producing and distributing company, in which you do not have an interest anymore, I find it surprising that you do not have some common programming in your stations. Why is that?

**Mr. Mackenzie:** I think I understand you but what do you mean exactly: Do you mean the same programming here?

**Mr. Fortier:** You do not have some syndicated programs in your group?

**Mr. Mackenzie:** Once again you get down to the business, sir, of local management, local situations and local appeals. Sometimes what is popular in Stratford is not as popular as it might be in, I will say, Orillia.

**Mr. Fortier:** I grant you that, but is that so all the way across the spectrum of programming?

**Mr. Mackenzie:** No. As a matter of fact we have unified policies on programming not specifically in relation to—we will say—this performance of a music format. It could be possible for a radio station at Huntsville, if it was surrounded by cowboys, to be playing T and C all the time.

The only policies that we have that are in decency and good business, as Mr. Rogers pointed out.

It is my pleasure to go up all the time to the radio station. We have one man at the present time who we think is good who is taking our over-all policies in relation to—in this case—entertainment presentations, and applying them here, there and you.

We have also found things that are bad that we throw out.



**The Chairman:** That is substantially the area that I wanted to discuss so I think perhaps we have dealt with that.

We could perhaps conclude by making a reference to page 7 of your brief where you say:

"No other industry is "investigated" as frequently..."

You have "investigated" in quotes.

I hope you will realize that this morning you have not been "investigated". You are here because any Committee such as this must direct at least part of its interests to local broadcasters and in particular local broadcasters in the smaller communities. You have things to say which are of value to us in our deliberations and we are grateful to you for coming.

I think we are mindful of the traditional broadcasting hostility to government boards, agencies and committees but as I said yesterday I think perhaps the broadcasters might be aggrieved if any reference to broadcasting was omitted from a study of this type which is looking at the over-all media spectrum in Canada.

So, gentlemen, thank you very much. We will adjourn. We will re-convene right at 11:30.

Thank you.

—Whereupon the Committee recessed until 11:30 a.m.—Upon resuming.

**The Chairman:** Honourable Senators, I call this session to order. The witness, whose brief we are going to receive now, is the Radio Futura Limited. Sitting on my immediate right is the Vice-President, Mr. Corey Thomson. It is my understanding that Mr. Thomson will introduce the other members of the delegation and perhaps you have an opening comment or two you may wish to make.

It has been suggested to me that questions be put through me to Mr. Thomson and Mr. Thomson will in turn refer them to some of his colleagues.

**Mr. Corey Thomson, Vice-President, Radio Futura Limited:** Thank you. Mr. Chairman and Senators, I think all of you probably have done your homework and probably have read the brief. In the essence of brevity, I know the brief is such it is probably a little innocuous, we stand prepared to discuss any one of the answers as given in the brief or any additional information that you would care to put to us in the form of questions. We will

endeavour to answer any questions to the best of our ability and I think probably the best way is our answer to the first question. Are there any questions in connection with it, number 1?

**Senator Smith:** In connection with what?

**Mr. Thomson:** With our first answer.

**The Chairman:** I think we will just let the Senators fire away, if that is all right with you.

**Mr. Thomson:** That is much better.

**The Chairman:** I think it is. So, Senators, if you will put your questions to Mr. Thomson who in turn will hand them off.

**Senator Smith:** Mr. Chairman, I would like to just say there is some value perhaps in having a short brief like yours because you can be sure we have all read it in the first place. There are the bare bones. We would like to ask you a few questions to fill them out.

The first one I would like to get cleared up—you mentioned particularly the Montreal Station CKVL, and I want to come back to that in a minute—would you please tell me what is the present situation with regard to the other station in Vancouver, CKVN?

**Mr. Thomson:** Senator, with your permission, we have brought with us, at the end of the line, Mr. Ronald Carabine, who is the General Manager and Station Manager. We did not put too much reference to CKVN in there because I think, as you are quite aware it is in a fluid state at the present time. At the present time I would suggest the entire operation has not been finally crystallized. I would like to ask Mr. Carabine to answer your question for you.

**Mr. Ronald Carabine, General Manager and Station Manager, CKVN:** I did not quite understand your question.

**Senator Smith:** My question was: What is the operational status, for example, of the station or, is that a very good question for you to answer?

**Mr. Carabine:** You mean programme-wise?

**The Chairman:** I think before you answer that it might be useful, Mr. Thomson, if asked you to introduce the balance of the team you have here. We ought to do that first.



**Mr. Thomson:** Mr. Jack Tietolman, President, CKVL-AM and FM and CKVN. Mr. Marcel Provost who is the Programme Director CKVL-AM and FM. Mr. Ronald Carabine, who is General Manager of Radio Station CKVN in Vancouver.

**The Chairman:** Mr. Carabine, Senator Smith's question is simply: What is happening at CKVN.

**Senator Smith:** Let me add something to the question so you will understand what I am looking for. It is my information that you attempted some time ago to develop that station into what is known as a news station?

**Mr. Carabine:** That is right.

**Senator Smith:** In conformance with a technique which is presently known in some large cities in the United States?

**Mr. Carabine:** That is right.

**Senator Smith:** I am also led to believe that that was not considered to be a success. Now, are you operating this as a pop station today, as the original station perhaps used to be referred to?

**Mr. Carabine:** Not quite as the original station was referred to. I will give you more information perhaps on the total news concept that we had. We started this just over a year ago. As a matter of fact it continued approximately one year.

I might add that we had one of the largest total news stations in Canada and probably on the North American Continent.

**The Chairman:** Was that not the only total news station?

**Mr. Carabine:** The only total news station to my knowledge and as a private station was probably one of the largest in North America. We had our own representatives in Ottawa. In Victoria we covered the Parliamentary Sessions and so on and so forth.

The cost of running an all-news station is very much higher than running the regular disc-jockey or music or talk type of operation. We promoted it. We publicized it. We obtained the best personnel possible. We had more news services supplied to us than even any American station because we had the advantage of being able to subscribe to not only the Broadcast News Voice service but to practically all of the American news services.

We ran this for over a year. Not only was it not a success financially—which was not our main concern at the time—but rating-wise and public acceptance was gradually decreasing and decreasing to the point where it became economically impossible.

We supported the station I think due to the fact that Mr. Tietolman is a private broadcaster and had a firm belief in this. I do not think any other company, private or public, would have continued with the heavy losses that we sustained, if he had not been the radio man that he is. It was an unfortunate thing that—I think the City of Vancouver population probably was not large enough to support such an undertaking and regretfully we had to cancel the all news format.

**Senator Smith:** And then since that time, since you have had to give up the idea of making it a total news station, you are running what you refer to as a standard type of programming?

**Mr. Carabine:** At the time we are running a standard type of programming. We are aiming right now to the young adult approach, youth and young adults where we are featuring some programs at the moment. We hope to enlarge on these as we go along.

One of the features we have is a French School of the Air where we have two young high school students—it just started this past Sunday—who are in the process of learning French in an informative and an entertaining way, not just the classroom affair. It is just being prepared. We have production on that. We have a talented French-Canadian boy out there who is instructing these girls on how they would travel from Vancouver to Quebec, how they would get around the Province of Quebec and the City of Montreal, and learning French this way.

We have a garden show where we feature a well-known horticulturist on an open line format. As you know, Vancouver is a pretty big centre for gardening practically all year round. This is another feature that we have.

We also started this past Sunday at the Vancouver School Board with one of the directors of the School Board. We are running a program that is run entirely with the students. This is a sort of current event type of program where the high school and university students participate. We are going more for this type all along where there is actual participation by the public.

**Senator Smith:** Mr. Carabine, it seems to me it was a very interesting thing for you to try and the kind of substitution, you are now making for that, is also interesting to me particularly the example of the young high school couple engaging in a French program.

**Mr. Carabine:** Right.

**Senator Smith:** It is very interesting indeed and I wish more parts of the country would try out things of that nature.

Now, if you had to do it all over again, would you have postponed that decision with regard to the continuing of a total news station concept if you had known that the newspapers were not going to be in existence?

**Mr. Carabine:** No. As a matter of fact we terminated the news on March the 6th and the newspaper strike actually took place on February 15th. We did not cut our news entirely. We still run our half hour and our hourly regular newscasts.

It was just a matter, actually, of financing—the amount of money that was lost in that operation, the number of people that we had to employ to maintain it—the well was just about running dry, as far as I was concerned.

It is a seven market station and there is a good news service in that area there. I do not think that an all news station is a feasibility.

**Senator Smith:** Even in the absence of a daily newspaper?

**Mr. Carabine:** Even in the absence of a daily newspaper because many of the people I spoke to since we terminated it and long before we terminated it, were aware of it. They would listen to you as they would listen to any other radio station for 15 or 20 minutes to obtain the news and they were not too much interested after that in what you were doing.

In other words, they knew you were a news station and perhaps they would or would not listen because they were getting good news from other radio stations; except we gave it with definitely more news to give and definitely a better service.

**The Chairman:** I think, Mr. Thomson we would be most interested in Mr. Tietolman's comments on this.

**Mr. Thomson:** I was going to go into that, Senator, because I would like to go on the record as saying that I do not think there is

anybody else in Canada that would have pioneered a concept like this which had been going in the United States for a little while.

The answer had to be obtained as to how effective this particular type of programming would be in Canada because it had never been tried here. Of course, you do not get the answers until you try but I think even after it had proven that it was not going to be an immediate success, that my associate Jack Tietolman should go down as one of the most courageous men in Canadian radio, to have continued this, Senator, in the face of deficits which amounted to \$30,000 or \$40,000 a month for a staff of 70 people.

I think that a tremendous amount of credit should be given to him. I mean I do not consider it a failure. I think that Jack Tietolman's pioneering of this and his taking of a loss of many hundreds of thousands of dollars and the way he kept tenaciously at it, is something that is one of the most creditable personal acts on behalf of a private broadcaster in Canada because this was a personal thing with Jack Tietolman. It was not a corporate thing. It was a personal thing with Jack Tietolman, those losses at that time.

I would like to ask, with that introduction, Jack Tietolman to comment.

**The Chairman:** A glowing introduction, I might say.

**Mr. Thomson:** Well, I have been with him a long time, Senator.

**Mr. Jack Tietolman, President, Radio Futura Limited:** Senators and ladies and gentlemen, I was going to say this. I am a stubborn individual and I tried to make a tree grow in Vancouver. You know, we did everything we possibly could. We had a little bit of sunshine. We had a little bit of smog and sometimes we didn't see the mountains for the trees and sometimes we didn't see the mountain for the sky but the real problem was—I would call it—the unappreciativeness of the public. This is something I cannot fight.

You know, I was saying to Ron Carabine we were fortunate that the ratings came out showing that we had no acceptance. If we had had acceptance we would probably have had to continue to lose because advertisers are very hard headed businessmen and today, would say, we have to bow down to the youth. They have a computer and you feed in the information to the computer and you are dead in a minute or you are alive. You know



the awful truth immediately, whether you are going to get a budget or whether you are going to be left out.

What happened to us was something that probably happened to many people who did not know the strength or the opposition or what you have to fight to get through. As Ron Carabine mentioned, there is sufficient news in Vancouver and I agree.

One of the things that Ron mentioned to me, which hurt me immensely, was after we had discontinued this service, we did not have too many complaints. Now, you know very well, it is almost like when we had our FM station originally opened and the station went off the air, and I did not know about it because we had no complaints. Nobody called up and said the station was off the air. That gives you a rough idea of what I felt like finding the awful truth at the end. You added up your total. You say "Now we are off the air and we will have thousands of people complaining". It just did not happen.

As a matter of fact I sometimes I think people are not even complaining about the newspaper situation. You know, Vancouver is a playground city. A lot of people, I used to say, would go there to retire and die. Other people would go there to grow things. Other people would go out for boating and there are one hundred thousand boats.

I sometimes think in an area of this sort there are cities to live in and there are cities to do business in. When I went down to the Islands I thought this is an awfully nice place to live in and I would like to be in business but I found you couldn't make any money in the Islands. You can spend it.

This would be my opinion of Vancouver, even though it is a very progressive area. There are lumbering interests and mining interests that are very great. There are even broadcasting stations that are doing very well but being low man on the totem pole, we tried to develop a new concept in broadcasting. To our great regret, even to this day, it hurts me to come before you ladies and gentlemen to tell you about the news because we were very proud of the news.

In fact, we were told by people like Metro Media, American people like people from Westinghouse Broadcasting—we were told by outstanding people that this was a real good news operation. I even told some of the members of the CRTC at our last renewal in Vancouver that I thought that our news was not the best in Canada, it was the best in Ameri-

ca. But after you write the poem, or you write the symphony, you maybe don't get recognition until after you are dead.

**Senator Smith:** Long live King CKVN.

**The Chairman:** May I ask you: Would an all news service be successful in Toronto or Montreal?

**Mr. Tietolman:** Montreal, I don't think so, because of the bilingual aspect. We know we are in a bilingual market.

In Toronto it might be successful but I would say this. We Canadians are too quiet and too much rested. We are not like the Americans, running here and there and looking for news.

I know some of you may tune in the 11:00 o'clock television program to get the news or you may pick up the morning paper and that is it. You don't get excited about it and you certainly do not have a radio playing on your desk wanting to know if somebody was shot down in Vietnam.

It is a matter of temperament. I have found that the temperament is faster in Montreal than Vancouver and it may be just as fast in Toronto, but the problem with a news station is strictly the people. Do they want news?

Now, you have an example. I have heard and read that some of the newspapers have been quoted as saying that business is down in Vancouver because of the newspaper strike. I have heard one of our confreres in broadcasting saying business is not down. I was telling some of our people we have many advertisers on our station that do not use newspapers to any great extent.

I say that every case is different. There are people who look to the newspapers. There are people who look to radio. There are people who look for news. There are people who want music.

It seems to me that most of the people look to radio for entertainment not as much for information—this may surprise you—unless they hear of some shocking thing happening or the Prime Minister has a special message or there'll be an increase in the budget or the income tax. Everybody will tune in at that particular moment but ten minutes later they would have been satisfied.

**The Chairman:** I do not want to prolong the discussion on newspapers but before you established the news format in Vancouver, did you engage in a period of research to decide whether or not it was a feasible idea?



**Mr. Tietolman:** Well, quite frankly I think the research would have cost as much as our experiment. You know, I often go along on research. Research is too few and too far apart. You know, like three hundred samples will decide the whole country. I say you need three million samples. It is not something like the back of your watch. If it is solid gold it is stamped 14 carat but if it was not stamped, you would have to take it into a lab. We could not afford to take it into the lab.

**Senator Smith:** I would like to ask Mr. Tietolman to give us the secret, if he has one, or at least give us a dissertation with as much enthusiasm as he did with his great experiment out West, in respect of his successful attempt to change the concept of broadcasting in Montreal; because my understanding is that you pioneered something which other people have told us is impossible to do in economic terms; that is to use a relatively large amount of Canadian talent and Canadian programming on your station in Montreal, CKVL.

**Mr. Tietolman:** Well, if I can answer this: I want to tell you that basically money is not everything.

Now, I cannot say this if I am a public company. If I were a public company I would have to answer to the shareholders. I think this would stifle my ambition in a way. I often said that you have to be prepared to lose your own money to make experiments. It is unwise and unfair to make experiments with other people's money. And there are many of those going around in various parts of this country, but the fact remains that I believe in the Canadian entity. I believe that we may be the little boys.

I was saying to some people the other day that unfortunately we in Canada have developed people like Oscar Peterson, who became a great star like Norman Brooks, who is south of the border today, a star. I could go on and mention other amateurs who became stars in the Metropolitan Opera. I could go on and on—in fact my memory does not suffice to tell you this but I was saying we have always been the farm team for the Americans and as soon as we develop this talent—the Americans are always on the lookout, whether it be from Canada, from Italy, from Britain—they take all the great talent and pay them three to four times as much as we can afford and we lose the talented people. I could reminisce and look back and say I started this person off or that person off.

The fact remains that this is where I got my kick, developing something from nothing, growing that tree. As a matter of fact we are doing it today. We are always on the lookout for new talent and we are proud but somehow or other we cannot seem to hold on to them because we are too close to the United States. I was suggesting we move a little further away but unfortunately this is not physically possible.

**Mr. Thomson:** Senator Smith, I think that you were asking Jack Tietolman to give a little success story on Jack Tietolman and I know that I would feel a little better if maybe I told you the success story of Jack Tietolman.

**Senator Smith:** Yes, I would be glad to have something. I would like to ask this question, by the way, in the framework of the protests, almost, that are now being made, that it is almost impossible financially to use Canadian talent. You do not even quarrel with what the CRTC proposes to make other stations do, as compulsory.

**Mr. Thomson:** Senator, I think if I understand the first part of your question, I think the answer you are trying to get is: Why was CKVL such a success? I think that is probably one of the questions.

**Senator Smith:** Yes.

**Mr. Thomson:** The other one was why did we use such a tremendous amount of Canadian talent that we have more Ohio State Awards and more international awards and things of that nature than all the other private radio stations in Canada put together; what started that policy; what ended that policy and why is it not continued?

Is that the context of your question?

**Senator Smith:** Yes.

**Mr. Thomson:** In the first place I do not believe that the story of CKVL can be repeated again today. There was a timing element here. When Jack Tietolman and his associates, who are here, started in a barn, the concept of a station, it was in 1944. I think at that particular time you will have to find out what French radio was like in the City of Montreal.

Number 1, there was absolutely no radio in the City of Montreal after 12:00 o'clock. Now the original concept of the Verdun radio station was to broadcast at the time when all the munition workers were working on the

shifts and things of that nature. There was a complete and utter radio and music entertainment blackout there from 12:00 o'clock midnight. So the thought was maybe these people should be heard. Maybe a small radio station could serve them. Therefore the timing was excellent for CKVL. CKVL provided the services that the other stations were not providing, one of which only was the all night program. We were the first station to go all night.

The other one, with the exception of Canadian Marconi—let us develop a little bit further. Marconi had, of course, ulterior motives for their FM programming which at that time was transit radios, to put radios in buses and streetcars and things of that nature.

We did a bit of FM programming and the team that sparked that naturally—I think it probably is an exposé of Mr. Tietolman's genius in the programming field and the timing was right. There was a need for another French or bilingual radio station in the City of Montreal.

Today, you see, you always have to ask yourself the question before you go into an enterprise of the intricacy of a radio station: What can we provide that the other stations are not already providing in this area, because thereby lies the secret of your success.

Now, Mr. Tietolman took a tremendous percentage of the growth. A French radio station is not like an English radio station because on an English radio station you have a pool of talent syndicated out of the whole English-speaking continent to draw on.

In French-Canada—I will make this statement because I firmly believe it—there is more genuine talent in French-Canada than there is in English-Canada because of the fact that much of the French talent that is there has a linguistic barrier, a cultural barrier or maybe even an acceptance barrier and in the City of Montreal and surrounding districts of Montreal. It was just purely a question of having enough courage to tap this tremendous source of talent that is there.

You also make an allusion, Senator Smith, to Canadian content. Well now, if you are running a French station, a good French station, a private operator is running a percentage of Canadiana which far exceeds the present regulations or any future regulations unless they have got to be completely 100 per cent, which is ridiculous.

There was the time that Mr. Tietolman and Mr. Provost were running more live Canadian talent, non-staff programming, than the French network of the CBC. We kept this up for a long, long time. It was accepted. It was acceptable. Then things changed. Things changed in radio. You find, for instance, that maybe people do not want them anymore, maybe a competing station is playing the top 50. You go through phases, just like the difference in suits. My suit now is out-dated. My tie is out-dated. Senator Davey has the latest in a tie. These things change and listening habits change.

**Mr. Fortier:** You should have been here yesterday!

**Mr. Thomson:** I was here yesterday. Yes, I was. I want to tell you I regretted not having my dark glasses!!

But anyway to get back to your question, Senator. I think that Mr. Tietolman put it right on the nose when he said that it is awfully hard to understand the enthusiasm that he creates and the loyalty he creates in his associates because of his vision and because of his dedication.

I will leave these photographs with you. This is not only a combination of the awards CKVL has won down through the years but also some special honours that have been heaped upon Mr. Jack Tietolman in person. You have to know the man to understand the operation.

**Senator Smith:** Mr. Thomson, to what extent is that station a bilingual station?

**Mr. Thomson:** It is a bilingual station to this extent. We started out hour by hour. We started out one hour of English and one hour of French. We found to our dismay that the English-Canadian would tune out when he heard French but the French-Canadian would stay with us through the English but not completely and therefore it was a question of who you try to serve.

In other words, you try to serve the people that are listening to you or that want to listen to you. So as a result of the in-depth telephone surveys, which, of course, were available to us at that time on a month-to-month basis, we re-programmed. We found apparently more people were listening to us in French and less in English and if we were going to serve, we had better serve our audience, not the people that were not listening to us. So little by little throughout the years we



have used larger and larger blocks of French and smaller and smaller blocks of English; until at the present time most of our English is public service—almost 100 per cent is public service.

But again you must realize that many times, not in our case, but an FM station could be considered a radio operator's conscience. He may not be completely happy with what he is playing on the AM operation so he plays fine music on his FM operation. Our FM operation is bilingual and so therefore we are able to discharge quite a number of our obligations or commitments—if you wish to call them obligations or commitments—with our FM operation.

One thing that may be rather interesting, as far as the English part of our FM operation is concerned, is that most of the other stations, going to the complex on the top of Mount Royal, are limited to a power which must not be greater than 50,000 watts. To give you another idea of Mr. Tietolman's vision, Mr. Tietolman spent almost \$300,000 to put an antenna at the top of the Canadian Imperial Bank of Commerce building with one object in view, that of being able to have a powerful enough FM station, although the power was technically limited to 50,000 watts.

Now, with this power that we have, which is actually unique in North America—you do not climb up the outside of the building, your tower is big enough for a man to climb up inside—it allows us at the present time to run 307,000 watts of horizontal polarization, which reaches the average antenna, plus 307,000 watts of vertical polarization which gets into the whip antenna on the average car radio.

You see, Mr. Tietolman is not affected by any corporation stockholders' requirements. He can do what he wants. I think it is to his credit that what he has done with the gross revenues down through the years at CKVL, I think, is exemplary; and that is the story of CKVL.

**Senator Smith:** I would like to ask Mr. Tietolman a question. I suppose it is fair. In view of the extra expenses he permits his people to undertake in the field of programming and making sure the signal is an adequate signal and so on, do you still make a reasonable profit in that CKVL operation?

**Mr. Tietolman:** Let me answer that question, Senator Smith. It is the story of radio. We did terrific until television came in and gradually the eyes took over where the ears

left off and a description of a beautiful girl by word of mouth is one thing but seeing her on television is another. That is it.

What has happened recently to the radio industry is that there has been a continuation of advertisers who have changed gods. Before, radio was their god. Today, a lot of advertisers are paying \$700 an announcement on television where they probably think twice; and they say they have not got enough money to even fulfil their obligation for the television budget, they leave out some of the radio stations.

Now, profits are measured by this phenomena, the buying of advertising and the advertisers have no—what you call—faithfulness or loyalty to radio. He buys wherever he can and they buy only in numbers. Now, you asked a question. Our statements are available to you.

We have had, I might say, a little bit of a shocker, starting about three or four months ago where all of a sudden it seems all of the advertisers are dropping out of radio nationally. We had a drop of about 40 to 50 per cent in our national business in the last four or five months. Now, this is no secret.

I met somebody else the other day I think he was up before, one of the people from Telemedia. He told me the same thing. You see, these are things that we in the radio business—all of a sudden a lot of the boys are a little bit shocked by the new regulation because they were coasting easily. They were coasting easily. And money was coming in and all of a sudden we have run into what you might call a little bit of objectivity as the dollars are not as available as before and all of a sudden there are new laws and laws and restrictions.

I would say I, for one, have nothing against Canadiana. In fact I believe that is why we call this country Canada. I mentioned to the Chairman only yesterday that in order to solve these arguments we should buy the United States and all it "Canada South".

**Senator Smith:** Mr. Chairman, I think I will pass. Thank you very much.

**The Chairman:** Mr. Fortier?

**Mr. Fortier:** Mr. Tietolman, you said earlier, or Mr. Thomson put words in your mouth, if your company had been a public one your ambition would have been stifled?

**Mr. Tietolman:** I believe that.



**Mr. Fortier:** Does that statement apply to all television and radio broadcasting companies in Canada? In your opinion, that for the electronic mass media to become successful, it was necessary to have pioneers who had money to invest, money to lose or money to gain and that the concept of the public company in the broadcasting field is one which we can look at today but we could not look at yesterday?

**Mr. Tietolman:** Well, I will answer that simple question. All of us some time or another make an investment. We wish to look at the financial statements and if we buy, we are not particularly interested in the company. We buy to make a little money. We hope the White Paper will not take it away but it gives you an idea that basically there is a motive for profit.

When there is a motive for profit, you get into a kind of position where I have been, that personally I would have been the first one to be fired, if I headed up a public company, because maybe my enthusiasm runs away and I forget the profit motive. This happens very often. In fact it happens today. It just happened in Vancouver.

As a matter of fact The Chairman said "Did you make a survey?" You know very well that when you want to get out of a position, you make a survey and then you say: "Well, the people don't want it and so we do not go ahead." We do not even start.

Now, how much pioneering would have been done in Canada if everybody made a survey before they started? There would have been nothing done in Canada. We would still have the Indians running the country and I honestly believe that it takes what you might call enthusiastic fools, that is me, enthusiastic fools and believers in something that go right to the heart, or let us say with the love of accomplishment, to be able to be a pioneer?

It takes more than money. It takes more than blood. It takes everything.

**Mr. Fortier:** Given your Vancouver experience, and putting it behind you, if that is possible, for the next few minutes, do you still consider yourself a pioneer in the broadcasting field?

**Mr. Tietolman:** Oh yes. I would like to tell you, ladies and gentlemen, that one of the agency people called me up after there had been an article on the front page of *Marketing* saying we lost so much money and Jack Tietolman gave up the news. He said "Jack,

do you wash your laundry in public?" I said "This is the only way to turn a defeat into a victory" because some of the agencies did not know we existed before they read this article.

**Mr. Fortier:** Now that they know you do exist...

**Mr. Tietolman:** We hope that they will have sympathetic feelings for us and try to let us recuperate a little.

**Mr. Fortier:** You have washed your laundry in public. Would you say in public what your intentions are with respect to the future? Where do you see the future of radio broadcasting in Canada?

**Mr. Tietolman:** I honestly see the future as a little bit divided. We have divisions. We have what we call satellites. Yesterday The Chairman mentioned absentee ownership. I said to The Chairman "What about satellites? Would the owner have to be up there with the satellite?"

We have satellites coming in. We have cable coming in. We have—God knows what. We might have mental telepathy.

**Mr. Fortier:** What is that going to do with radio?

**Mr. Tietolman:** There is a division. You know, in some countries, if you remember France before the stable governments, there were umpteen parties. We have a few in Canada, but as we get smarter everybody wants to be a king. Everybody has his own idea. Everybody would like to see his own favourite program.

It means roughly with the division of the cable, there will be more selectivity. We will have people wanting to watch how to save coins. Somebody else will want to watch programs on how to do your laundry. Other people, how to cook. Other people, how to be a good husband and so forth and so on.

I can foresee a time when you will get a practical education from just opening the cable. You will not have to go to school.

**Mr. Fortier:** Would you agree your comments apply mostly to television rather than radio?

**Mr. Tietolman:** I want to tell you: There is a division and yet there is no division. What I am trying to say is cables will carry sound programs as well and so will satellites, but I

was going to say that if you people had any influence to reward me, all I want is a satellite transmission.

You know instead of worrying about one market, surely there are enough people that will like your programs across the country. You see, take the news element. We probably would have been in a good position on a satellite because there surely are enough people liking the news across the country without worrying about an individual market where we did not succeed.

In other words, we are in a small country, 22 million people. We have one-tenth of what you might call the action of the Americans and ten times the problems.

**Mr. Fortier:** You said earlier that you were hurt by television?

**Mr. Tietolman:** Oh yes.

**Mr. Fortier:** Have you been hurt by the advent of cable?

**Mr. Tietolman:** Not yet.

**Mr. Fortier:** In Montreal?

**Mr. Tietolman:** Not as yet. I would like to say that on cable in Montreal there is one FM station, which is not our FM station, and under the new regulations of the CRTC, they say every FM station will be on and that is a good thing. You have probably read the regulations.

I would like to say that a lot of decisions are being made without the public being asked about it. In other words, it is like writing laws in the Bible, nobody asked the public before the Bible was written. You know what I am trying to say, the laws are made and the public is asked to get used to the laws and regulations.

So far, I am fortunate. I have been thinking in the right direction but it took us 22 years before Commissions to tell them we needed Canadiana. If you live long enough and you have enough patience, you will see things happen.

**Mr. Fortier:** You were ahead of the CRTC?

**Mr. Tietolman:** Well, we were. I think the first time we were before the Aird Commission, as a matter of fact, I was told by some other broadcasters I was crazy, sinking all this money into Canadiana and there would be no thankfulness. As a matter of fact one

fellow said "you will be crucified". I said I was born on Christmas and I hope I will not be.

**Mr. Fortier:** If you had started a station, Mr. Tietolman, in any other city but Metropolitan Montreal, Verdun, would you have sought to put the same accent on Canadiana as you have done with such success in Montreal?

**Mr. Tietolman:** I would. As a matter of fact I will tell you. You will remember perhaps that one of the people we had working for us was the late Billy Munro who wrote "When My Baby Smiles At Me", and there was a boy by the name of Norman Brooks who did not even speak French. We were more or less a French station. And Brooks used to sing like Al Jolson; he had a voice just like Al Jolson. We actually trained him to sing in French. He didn't understand a word. He was just like anybody else, you gave him a copy of a French song we had in English with a translation.

I want to tell you, the people who are happy are those who do what they like to do. You know, I think you Senators are happy being Senators. I like what I am doing. I want to tell you I look forward to going to work and I do not consider it an effort. I consider it a pleasure. Some of the people play hockey, play radio and that is it.

**Mr. Fortier:** May I suggest to you that what you have just said very eloquently amounts to criticism of some of your fellow broadcasters in Canada. Is that correct?

**Mr. Tietolman:** No, I do not criticize. I want to tell you this. You know, as I have repeated often, many people are in positions where they cannot help themselves. In some areas there is not sufficient talent. In other areas talent becomes very independent. I was telling a story to the boys this morning. I saw you know Wayne and Shuster. They are wonderful Canadian talent. Now, I do not know exactly the cost but let us say they were built up by Canada. After they are built up they are offered a tremendous amount of money and they have an agent after this and the agent is getting paid an awful lot of money for American programs.

Then Canada wants to bring her sons and daughters back on the air. So then they call the agent and the agent says "That will cost \$20,000 or something like this"; so I want to say this to you: You know, a lot of people



not realize that after you have built them up, there is no thankfulness. I have seen it. Mind you, I think all you people are little children, just like Jesus said, you know, but nevertheless there is a lot of truth in that.

What are we building? We are a farm team for the Americans and if we do not realize it, the Americans do. As a matter of fact, they are looking for resources in materials and in talent and Canada is just the farm team so if you are a good hockey player, they will buy you down south. If you are a good baseball player, down south. There are very few people like Jack Tietolman who would not move down south for a good deal because "I like it in Canada". There are very few. I would say about 2 per cent.

**The Chairman:** What can we do about it?

**Mr. Tietolman:** There is only one remedy. Either they buy us or we buy them, I would say, to be quite frank about it. I like our temperament, our way of life. I like the idea that we have no axe to grind in the international world. I like being a Canadian.

**Mr. Fortier:** You have made it big being a Canadian.

**Mr. Tietolman:** That is right.

**Mr. Fortier:** With CKVL. I bear in mind your words and I repeat them proudly that maybe there is more talent in French Canada than in English Canada.

**Mr. Tietolman:** Yes, there is.

**Mr. Fortier:** But still all things are relevant. Why is it that there have not been broadcasters like you in English Canada who have tapped local talent and made it big by using Canadian talent.

**Mr. Tietolman:** I want to correct that impression. There have been broadcasters—I do not know all of them—I knew the late Ken Soble. He did a lot of this work. He was in Hamilton and Toronto. No, do not let us say that. There are very good broadcasters today, very fine broadcasters.

**Mr. Fortier:** By and large the people who said you were stupid 15 years ago, today are screaming blue murder at the CRTC proposals in saying "We cannot do it"?

**Mr. Tietolman:** Well, I want to correct one little thing. You see, this is a little bit one sided, ladies and gentlemen. You see, to bring a law in—if you said to me I have got to use

more bodies and there are no bodies, this is unfair. This is like the story of the Israelites in Egypt when they had to find the straw to make the bricks.

Do you know what I am trying to say? I think the right way would be for you ladies and gentlemen to recommend a subsidy of \$3,000 for each long playing record so that private industry could go into records without the fear of losing their shirts and develop a Canadian entity. There should be what we may call a music jury that could recommend which records or which songs are worthy of playing on the station.

Now, to say that something is Canadian, is not sufficient. We Canadians are more fussy than the Americans—I think so—so therefore I do not even accept all the American talent and programming. I am a very fussy individual. Why would I accept all the Canadian talents and programming? Now, we used to run auditions and may run through 100 people to get one talent. Now, that is a good average, I want you to know. We have 22,000,000 people and that gives you an idea there is still a lot of talent but the fact remains, in order to make the CRTC regulations work, we have got to supply it or have it available.

Now, I know that there has been a subsidy for Canadian films, and I might say, again we have not been too successful from a Canadian point of view, although, recently, there have been some French Canadian films that have been a very huge success. I think one of them that spent \$80,000 will probably make a million dollars and this is very, very rewarding. But I think the time will come shortly. I will repeat what I said again, when we develop the records and good talent, do not think that they are going to stay with us.

You know what will happen? It will not take long. They will get a copy of our records and those boys or girls will get an offer and they will disappear from the Canadian scene so fast, in a few years, we will not remember they were Canadian and this is the unfortunate element. It is purely money.

The Chairman said "What do we do?". I think we should raise the standard of living higher than the Americans and attract Americans. You know, when we pay more interest, we get the money; when we pay less, they get the money.

**The Chairman:** Mr. Carabine and Mr. Thomson have both indicated they would like to comment on that.



**Mr. Carabine:** I think perhaps I can give you some information on your question as to why Canadian talent is not used in English markets. Speaking from the very short time that I have lived in Vancouver, which is just under two years...

**Mr. Fortier:** You were a Montrealer?

**Mr. Carabine:** I was previously in Montreal. I have learned quite a bit from Mr. Tietolman's way of doing things and his interest in radio. We tried to follow the same philosophy out there to some extent.

One of these, of course, was to develop local talent. No other station has been doing it out there for some time from what I could gather when I enquired. Therefore, we put on a half hour live talent show every night. This is a very expensive proposition. The unfortunate part was we did not get enough talent turning out to even keep that program going. We had to fill in with the orchestra that was there to accompany any singer or musician.

Now, here is a market that has a lot of talent and we publicized it. We gave prizes to every contestant. The Grand Prize was a one year guaranteed recording contract from Polydor Records Canada Ltd. with distribution in the States, Canada and Europe. We did not get enough talent to support it. Again the same thing with the younger children's Saturday Morning Talent Show," not enough talent turned out.

**Mr. Fortier:** So what is the answer in Vancouver?

**Mr. Carabine:** I think the answer in Vancouver is that eventually there would have to be a joint effort, on the part of all broadcasters, to combine, to run one show to get them to turn out. I do not know how to get people to come out to something that they say they want, because if they do not want to participate themselves, what are you going to do?

**Mr. Fortier:** Is this not one of these things that indirectly the CRTC is trying to do with these proposals? They are trying to do what you have sought to do unsuccessfully. They are trying to force more radio stations in Canada to do this sort of thing and maybe Canadian talent will wake up to the fact that by gosh, there is a market for my talent.

**Mr. Carabine:** Well, I do not think I am qualified to say what the Canadian Radio Television Commission is trying to do.

**Mr. Thomson:** I would like to comment on that. I think, Mr. Fortier you are asking a question that we can only offer our opinions on.

**Mr. Fortier:** That is why you are here.

**Mr. Thomson:** Exactly—our opinions. I think if you ask us our opinions on why can the same pattern not be applied in English Canada as applied in French Canada, I think my first observation was extremely relevant; that English talent has the whole Continent whereas French talent has a tendency to be in a cell, which is a French-speaking world, where French-speaking acceptance of their end product is in one fairly small localized place, as opposed to the country.

Also I wonder if you realize the complete ramifications of trying to get Canadian talent out. This is an old story over our history which goes back almost 25 years. It is the problem of getting them out. That is only one problem. We say, "Look, we want to get you out. We want to get you exposed. We want to use you." As amateurs you are supposed maybe, whether above the table or below the table, to pay their so-called expenses. Even that is not always sufficient incentive to get them out.

There is another problem also. I think that you probably realize that the media are very heavily unionized. In other words, they are unionized by the Federation of Musicians and there you have the situation where an amateur is allowed for a certain length of time and after that he must become a professional. Now, I am not saying whether that is good or bad. I am just simply telling you the problem you are up against if you want to continue exposing Canadian talent on an amateur basis of some kind.

Now, if we are willing to admit that there has to be some slight monetary consideration for somebody—I mean the man with a piccolo, he can stick it in his pocket and come down to the station; but what about the man with a big string bass, when he comes down. It is as simple as that. Now, he is allowed a certain number of performances on a subsidized or an expenses-paid amateur basis. This is right where you come into the situation—this man is going to play as an amateur or going to play as a non-member of the union concerned, then you come up against a completely different problem.

Let us go into the recording business as such—the physical end of the recording bus-

ness. I know because I happen to hold personally through one of my companies long before—this dates back to 1954—a recording licence. I wonder if you have any idea of the cost that is involved in producing a tape, let us call it, for an eventual recording? It is fantastic. You get into pension funds for musicians. You get into for so much, you can put it on one time. For the next time, you can put it on for a year. Then the question of what might be called universal rights comes in. Then after that, the cost of most of the young talent. I am taking a group, for example. They cannot read music. They can play music but they cannot read it.

Then you come to the other question which I think is a very valid question, Mr. Fortier, to answer a question with a question. What is Canadiana as far as music is concerned? What is Canadiana? I have fought this thing down through Senate Committees and before the old Boards and everything else like that. What the devil is Canadiana? What are we looking for in Canadiana?

The only United States music, which you could call United States, as opposed to the whole English world, is probably Dixieland. Now, what is the only Canadian music; even today, what is it? It is old French-Canadian songs personified by "Alouette" that the Voyageurs used to keep their paddles going in unison.

**Mr. Fortier:** We said yesterday we are speaking more of Canadian performers rather than Canadian music.

**Mr. Thomson:** Yes. That is my next development, Canadian performers. Now, what is it we are looking for? Are we looking for a Canadian concept, typically Canadian music, a typically Canadian dish of some kind or are we looking to develop Canadian talent? Or are we going to insist that that Canadian talent play exclusively Canadian source music?

For instance, let us take an FM station, which is going to suffer tremendously from this. Let us take any great opera that you want. What is the difference if it is played by the Berlin Philharmonic or if it is played by the St. Louis Orchestra or must it be played by the Toronto Symphony Orchestra or the Montreal Symphony Orchestra or another Canadian orchestra? Because the differences between the renditions, the end product of these ten orchestras that are available—it takes certainly a dilettante to distinguish between them. So what are we looking for?

**The Chairman:** If that is the case, what is wrong with having it played by the Toronto Symphony orchestra then?

**Mr. Thomson:** They do not record.

**The Chairman:** Well, why should they not start recording?

**Mr. Thomson:** It is a question of costs.

**The Chairman:** Well, you have been putting a lot of questions to Mr. Fortier which have been rhetorical. Let me put the question back to you.

**Mr. Thomson:** Yes.

**The Chairman:** Mr. Tietolman a few minutes ago said we are faced with one of two alternatives. He was not being altogether facetious.

**Mr. Thomson:** No.

**The Chairman:** One alternative is that the United States buys us and he mentioned a second alternative which was that we buy the United States. He suggested that we buy them and call it Canada South. He knows very well that is an impractical suggestion.

Therefore am I to conclude from what he said and from what you say that the only thing that either of you foresee for this country is to become the 51st member of the United States?

**Mr. Thomson:** No, I do not agree with that at all.

**The Chairman:** Well, what would you do?

**Mr. Thomson:** What would I do? Well, I think I would do pretty well what I think most dedicated broadcasters—I speak of the industry—are trying to do right now. I think many of us are very pro-Canadian. I think in our particular case, and I think I can probably speak for the rest of them, we have demonstrated the fact that we are extremely pro-Canadian but it is the old story, Senator Davey, of General Motors. They make mould which costs \$100,000 to make one fender for an automobile. Let us say that they decide they are going to produce a thousand fenders for Canadian consumption only. All right. Then they cost \$100 per fender.

If, by the same token, that same fender price is the same in the United States and they turn out a million fenders, then the cost, of course, becomes considerably less.



The same thing is true with a recording. I wonder if you have any idea—and I suggest this probably may be a very interesting comparison. Let us take a specific example. What would it cost to make one recording of the Montreal Symphony Orchestra playing Stravinsky and where would the market be?

**The Chairman:** Mr. Thomson, again you are posing problems and I agree they are enormous.

**Mr. Thomson:** They are.

**The Chairman:** But we are more interested in solutions. What are the solutions?

**Mr. Thomson:** In my considered judgment I think there is a solution to giving the amount of Canadiana that the public should be exposed to and I believe—I advanced this before the CAB. Let us make it very ridiculous. If you gear it to time only, you could get a piano player playing 20 hours a week; but if you geared it to a combination maybe of time plus a certain amount of the gross, plus a subsidy, then I think you get a far better type of thing than you are going to get if you just gear it to playing a certain percentage of your time. I do not think it is a question of time; I think it is a question of quality. In other words if a man was committed with subsidies, etcetera, to spend an amount, let us say \$50,000, maybe we would have a symphony orchestra playing.

**The Chairman:** Mr. Crépault is reported as having said at the CAB meeting—and I was interested to hear this morning that Norris Mackenzie said it was a closed meeting...

**Mr. Thomson:** Yes.

**The Chairman:** Therefore I do not know whether this statement is correct. Mr. Crépault is quoted as saying at the meeting and I quote him:

"One superb and masterful 90 minute production a week will do more for Canada and Canadian identity."

This is in a column written by Patrick Scott of the *Toronto Star* and then he observed—and I would like you to comment on it...

"Ninety minutes of anything good is better than 60 hours of anything bad—but where have all those "superb and masterful" 90 minute productions been hiding up till now?"

The broadcasters have had several generations to show what they can do without regulations, and it is precisely because they have shown so little that the regulations are here".

Would you comment on that?

**Mr. Thomson:** I would not like to comment on it because in the first place I do not believe it. I think one of the things that will probably evolve from the broadcasters themselves is the fact—and I think this is extremely interesting—that in the past we have been in a position where the print media have not always expressed our feelings nor the situation exactly factually. They take a very small extract from something—for example they may go out from here and you may read in the paper that Jack Tietolman suggests Canada buy the United States. You know what I mean?

So, we are taking steps right now and I am going to tell you—and this has been advanced very vigorously—that I think it is about time we used our own media on a national basis to express ourselves, by our own reporters, by our own radio oriented and television oriented use, because of something like that, which I suggest is not the fact. That is one man's opinion and it is the opinion, remember, Senator, of one man who is paid and who represents one of our greatest medium of competition, the newspapers.

I do not think that in all honesty if I were a city editor—and this has been the story of radio since 1919—if it is a competing medium I do not expect too much to be said that is good for a competitor. And not always factual.

I want to go on record. I will not buy the story.

**The Chairman:** Mr. Tietolman, do you want to comment on this?

**Mr. Tietolman:** I was going to say, and this is no reference, this was said and many people have heard it. "Fools rush in where angels fear to tread". This gives you a rough idea. The Bible said that King Salomon said this. He said "Don't judge the other man until you are in his actual position where you can appreciate his problems".

I say if we had less critics and more people who would pioneer new ideas and development—in other words, let us talk less and more. Let us get people—instead of writing articles, let them go out and write masterpieces.



pieces, books, documents, plays. And we will put them on.

**Mr. Thomson:** That is right.

**Mr. Fortier:** Would you like to apply that reasoning to the CRTC?

**Mr. Tietolman:** In which way?

**Mr. Fortier:** Let us talk less and do more?

**Mr. Tietolman:** Well, I want to say that government bodies too may be in the same spot; but nevertheless I would say that when the government bodies are looking for information—and I may say in the case of the CRTC—it has not been what you would call an easy job.

Canadiana is a long, long whisper into the wilderness, you know. I do hope Canadiana will develop. I think there are many problems and instead of asking you gentlemen questions I will say this. I just want to leave one thought with you. We subsidize certain of our exports. We subsidize certain of our universities so let us subsidize our talent. Let us get a very constructive sort of meeting out of this meeting.

I would like to see you people recommend a \$3,000 subsidy to anything that would appeal to the government. In other words, not to every long play record because somebody may have a foolish idea but there should be a committee and that money should be available. And I do not mean one record, I mean 10,000 long play records a year.

If you want to make Canadiana popular, make it available. If you want me to eat any favourite food, you have to make it available. If you want me to look at Canadian pictures, you have to have Canadian pictures and that's the story in a nutshell.

There is your answer. There is your simple answer. Instead of just asking a lot of questions you can get more results by putting up the money on the line.

**Mr. Fortier:** Indeed, these are good answers but unfortunately come from a man who has proved that the questions can be answered in the affirmative.

**Mr. Thomson:** In French-Canada.

**Mr. Tietolman:** If I may say this to you. You know, we have had private institutions, private universities and private this and private that. Until the government really wants to face the fact this becomes a national problem and not a local problem. You cannot

depend on advertisers who may not want to buy a medium and then who will come to the station and say "Look, why do you not put out the record at your own cost?"

My dear friends, I am willing to change jobs. I am willing to take the revenue from the government and let them have the station.

I would say this in all honesty. That one problem is very deep. If I had more money to play with, if I had more money to develop, you would have more Canadiana.

I think the time is arriving in order to help the CRTC and to offset all the criticism, give us the records or give us the tools and we will finish the job. "V for victory!!!" How is that?

**The Chairman:** Let me put the same question I put a minute ago to Mr. Thomson. You seem to despair that this country has any independent future, independent of the United States?

**Mr. Tietolman:** I say this in all honesty. We are going about it the wrong way. You know, nobody is going to pay for anything they get free unless somebody supplies it. In other words, you have got an established market. You have got the New York Stock Exchange. You know very well in order for us to develop a Canadian entity and financing, we have to develop our own Stock Exchange. We have to develop our own markets.

The same thing happens with talent. We have to develop a market for that talent which does not exist because right here, you bring Americans down and you pay them umpteen dollars and they walk out with the money. Then you are telling us about Canadian records. Are you kidding or something?

**The Chairman:** Is this a suggestion you have made before?

**Mr. Tietolman:** Oh, sure.

**The Chairman:** When did you first make this suggestion?

**Mr. Tietolman:** Oh, about 20 years ago.

**The Chairman:** No one has listened to you?

**Mr. Tietolman:** I want to tell you, as I said before, some of the great operas and some of the great works were not recognized until their creators had passed on and then they looked at them. I hope I live a little bit longer. I hope I see the realization that Canada is just not an Indian name.

Let us be honest. You see the problem—on all these Committees you hear a lot of stories. I hope with this suggestion, we can hit the jackpot. We want money. We want the money to develop Canadiana. We think we deserve it. And if Canada is to be an entity it, is not enough, you know, to go out and pay farmers for not growing wheat. It is more important to grow talent.

**The Chairman:** Do you really believe what you said a few minutes ago that only 2 per cent of Canadians care about Canada retaining its identity?

**Mr. Tietolman:** No, I did not say that.

**The Chairman:** I thought you did.

**Mr. Tietolman:** No, I did not say that. I would say this that the listener is very critical; that the listener may not accept all the American programs, will not accept all the American records, will not accept all the American books or periodicals.

The individual is independent. I said this to one fellow today. He is a separatist individual. He is separate unto himself. He likes what he likes. He hates what he hates and that is it; so therefore you cannot force your will on anyone. You know, it is hard enough to lead a horse to water but really to lead a human being to water, it is even worse. You cannot force people to accept your thinking. You have got to make it available and as the gentle rain falls down and penetrates, it is better than the bucket of water where you have to duck.

**The Chairman:** That may be a good point to cut off the questioning. I have only one other question I would like to put to you.

This Committee, Mr. Tietolman, I am sure you know, is interested in the broad media spectrum.

As such, because you are a pioneer communicator in this country, because you have been interested in communications for a long time and have been around, I would like to put a question to you. I may say we put the reverse question to a great many newspaper publishers. We have asked them to discuss your industry. I would like to know what you think about newspapers in Canada generally? Perhaps you may wish to confine your remarks to Montreal. If you wish to generalize—what do you think of the newspapers in this country?

**Mr. Tietolman:** Well, I think we have some very good newspapers. I really do. I would like to say that I always say, "To be a good newspaper it has to be constructive." The articles I pay more attention to are constructive articles and not merely what you call people throwing stones at people.

I have always felt that anybody who criticizes someone else should be ready to be criticized himself or examined under a microscope. In other words, before a person opens his mouth to say something about somebody else, he should be ready to be examined personally.

In other words, "Do unto others as you would want others to do unto you," and if you want others to do well, give them constructive criticism and advice and give them a chance to develop.

You ask me about newspapers? I think we have some very good newspapers. The only thing is, I like to see the news reported. We at CKVL or CKVN do not cut out any news. We do not hide any news. We do not distort any news. We give it as it is given to us. We do not control the news agency, unfortunately, but we give the news as it is, without any opinions on news. We have editorials. That is a different thing, but the news is given clearly and concisely, for which I originally used to admire *Time Magazine*—just the facts, no comment on it.

**Mr. Fortier:** But you do editorialize?

**Mr. Tietolman:** Well, we have editorials. Actually, I want to say it is a necessary evil to editorialize but I don't editorialize. We have editors.

**Mr. Fortier:** But does the station editorialize as such, or do you have individuals?

**Mr. Tietolman:** We have individuals who are qualified to editorialize and we have no axe to grind.

I want to say to you that I read recently some articles in the paper where people were pro and con and on examination they were found to own shares in the pro and not own shares in the con. In other words, as I said again and as my confrere, our Vice-President Mr. Thomson said, you have to examine where it comes from. You know, the word God is the word of God but individuals are not angels.



**Mr. Fortier:** Do you have any intentions, Mr. Tietolman, of acquiring other radio stations in Canada?

**Mr. Tietolman:** Well, I will tell you, from our past experience I am a little bit leery. I would like to say—I said one time to the Commission that I would like to get into the picture end, you know, picture tubes.

**Mr. Fortier:** Yes, I am with you.

**Mr. Tietolman:** Because you know, I have heard it said that "a television station is a licence to print money". You see, this is where the mistake occurs. You know, a responsible broadcaster does not consider it a licence to print money. They consider it a licence of great responsibility. It is like becoming President of a Committee. It is a responsibility you cannot take too lightly. I say that every individual licensee—we have some very good people among the radio and television operators. I certainly may not agree with every one but I would say that our industry, comparable to other industries, including newspapers, are ahead of all the other industries.

We have got the best brains and the most talented people in our industry.

**Mr. Fortier:** Would you like to get into the print picture.

**Mr. Tietolman:** I was in the print picture too. I used to own a newspaper *Radio-Monde*. We were the pioneer in a radio paper, that is right. I probably would do a good job because I think I have got a little ink in my veins too. You see, I like news, big news and a newspaper prints news.

You know, what a newspaper is? It is a mirror, just like the news—it is a mirror of what is happening.

[Translation]

**Mr. Fortier:** What happened to *Radio-Monde*?

**Mr. Tietolman:** *Radio-Monde* was sold, Mr. Fortier. And you know, personally, I like all newspapers; I like television.

[Text]

We only have one life and I say make something of it and that is why as I look back, I say to myself I am not sorry for my losses. It is a good thing to be a good loser, but you always have to learn. Like the fellow who had no experience and a million dollars

and then he had no money and he had a lot of experience. This is happening to us.

**The Chairman:** Perhaps on that note I can terminate this hearing and in so doing perhaps I could address my remarks to you, Mr. Thomson, because you gave the opening statement. We are grateful to have had your organization before the Committee because yours is one of the pioneer broadcasting organizations in the country and of course, we are particularly grateful that you brought Mr. Tietolman or allowed him to come.

We are thankful to him but I think Mr. Tietolman will be the first person to admit that the organization has been built so well because it has been a team effort and so we are grateful that you have brought the other people with you.

Mr. Tietolman, unlike a great many pioneers you continue innovation and experiment and we hope you always will. We have been thankful that you have found the time to come. I think you were here earlier this morning when I said we are as interested in finding out the success of your own station, as we are in having your views on the over-all media spectrum.

I think a study like this, and I know Mr. Tietolman would agree, has to include an analysis...

**Mr. Thomson:** Would you like my analysis of what I think is wrong with the media?

**The Chairman:** By all means.

**Mr. Thomson:** I think this may come as a bit of a shock to a lot of people. You know, we look sometimes at the generations below us and we say to ourselves "What is the matter with these kids?" Sometimes we are a little bit concerned about their attitudes and we sometimes try very hard to understand them across this gap. And what exactly is the gap? I think the answer to it is that they understand us probably a lot better than we understand them.

I think that one of the troubles is that in the news—I have already expressed this view, by the way, at one of the forums—is that when we give the news of rebellion, of riots and of demonstrations and of things of that nature, the media—and I am talking generally, probably with the exception of billboards—the media generally are giving exposure to the end result, and possibly the results of its own activities.



The greatest rebellions in history, I think, can be resolved down to pretty well dissatisfaction where the population growth has gotten bigger than the valley and they have to move because there is not enough food—tyranny, despotism or whatever it is; but then there is another great cause and that is the basic cause today—there are others—I mean they look at it and they say “Well, you are not sincere.” They look at it and say “You are hypocritical”. They say “You have false values”. They will look at even the media and say “It is not truthful. What do you think we are? Do you think we are crazy?”

We may put on a commercial to preserve teeth and the girl obviously is wearing a denture with an X marked on it. That is not completely honest advertising.

Then there is the question of pronunciation when a great Canadian chocolate company comes along and says this chocolate bar has maraschino cherries in it. I am a little concerned because I happen to know “Maraschino” has been pronounced incorrectly and I am a little bit concerned about it.

But I think that one of the troubles today is the fact of inequality. I think the exposure of inequality today by the media is just a little more responsible for some of the unrest and dissatisfaction than we might be willing to admit.

I think that when there are so many poor people that the exposure, in living colour yet, of steaks being sliced and the world's goods coming in and the freezers and the things of that nature, the younger generation says “What is the matter with a system which will not allow us to have that which is being exposed to us?”—the tremendous exposure of capital goods, the tremendous exposure of a life which is no reflection or in no way comparable to the life that they particularly are leading, the idealization of many things, the fallacy of it sometimes and the hypocrisy of it sometimes.

I sometimes say to myself, should the media generally explore the other facet of it? In other words, not necessarily Madame Jones with her diamonds and pearls at the St. Andrew's Ball but what about Mrs. average John Jones, and so forth and so on; are we paying for the exposure of inequality in the media generally without a sufficient amount of exposure of the other side of life?

Now, I am going to leave you with just one thing that happened while I was down in Florida about two months ago. I think Miami

Beach probably represents the epitome of what might be called gracious living. People from all over North America go down there and pay fabulous amounts of money to sit out in the sun and do nothing but complain about the food and their \$150 a day suites.

A television station had enough courage to get out into the shadow of these big hotels and it singled out three or four families that were living in the most abject poverty that you ever saw in your life, in the shadows of Miami Beach residents. They took a picture of this very little old man sleeping in bags, the window with things stuck in it, the lighting fixtures hanging from the wall so you got a shot of one 25-watt bulb there—what he was eating—the fact he had to get up early in the morning and went around and prowled around among the garbage cans of the big hotels in order to keep himself going. This exposure was given and what was the result? My, it was just as if you dropped a bomb. The mayor was down. The governor was down. Everybody was down. How could this exist? How could this exist?

Now, there was a television station that had given exposure, whether they wanted to or whether they did not want to, of only one fact of life, the inequalities; the inequalities of the levelling out had never been given the proper amount of exposure.

I would suggest that the media—not the medium—but the media have not done enough to alert the Canadian man, the Canadian dollar, the Canadian consciousness to the inequalities that exist in our present society. It is a challenge to the media right now—to the media, all of them, to do something about the inequalities that exist right here.

We hear about Canadiana and giving work to artists. I think an in-depth exposure of exactly what is going on here in our own country is the responsibility of all the media; and if they do that right now, they will be accomplishing—let us almost call it—one of their purposes and in my considered judgment one of their responsibilities.

**The Chairman:** Thank you very much, Mr. Thomson, for this very compelling statement. We are grateful to have it on the record.

This session will now be adjourned. May I say to the Senators—I would again thank you gentlemen for coming—we are meeting at 2:30 to receive the brief from Standard Broadcasting.

**Mr. Tietolman:** May I say, ladies and gentlemen of the Senate, I want to thank you very much for your nice reception and I do hope that my suggestions are not just put into the libraries. I saw a lot of the libraries. They have a lot of these buildings where they put all the books in, you know. I hope they go on the forefront and I do hope to see the realization of the \$3,000 per long play record.

I want to leave this thought with you before I go. We have already started to do Canadian dubbing on films. This is a little thing we are going into on the side. We have done some from the National Film Board and we are going to do some foreign films, using Canadian artists on the voice track, to make Canadiana possible.

We are ready to proceed on records as well, if you co-operate.

**The Chairman:** Thank you very much, Mr. Tietolman. We will adjourn until 2:30.

Upon resuming at 2:30 p.m.

**The Chairman:** Honourable Senators, if I may call the session to order. The brief we are receiving this afternoon is from the Standard Broadcasting Corporation Limited. Seated on my immediate right is Mr. W. C. Thornton Cran, who is the President of Standard Broadcasting Corporation Limited. I am going to ask Mr. Cran to introduce the rest of the people who are here with him.

If I may just say to you Mr. Cran that the brief, which we requested, was received in compliance with our guidelines some three weeks in advance. It has been circulated to the senators and studied by them. We would like to ask you some questions on the brief, but before doing that we would like to put time at your disposal to make a brief oral statement; following that we would like to ask you some questions on your oral comments and on your written brief and perhaps on other matters as well. So on behalf of the Committee, welcome, and perhaps you could, first of all, introduce the rest of the people who are here with you.

**Mr. W. C. Thornton Cran, President of Standard Broadcasting Corporation Limited:** Thank you very much, Senator Davey. I have with me to-day Mr. Donald Hartford Vice-President and General Manager of CFRB Limited, Mr. H. T. McCurdy, President of CJAD Limited in Montreal, on my right, Mr. J. Lyman Potts, President of Standard Broad-

cast Productions Limited, on the far left Mr. Jack Dawson, Vice-President and Station Manager of CFRB Limited, Toronto on the right, and Mr. Sidney Margles Deputy News Director of CJAD News.

For several years I have been a Member of the Board of Directors of the Argus Corporation, which is the largest single shareholder in Standard Broadcasting Company, of which I have been President and Chief Executive since 1959.

We are here to support the written brief which you were kind enough to invite us to make and to answer any questions, or add any further information, which you may desire from us.

Perhaps I should mention that amongst the reporters present at the reporters' desk is Miss Leslie Empringham of our Ottawa Bureau who will be reporting on these proceedings. Whilst she is a valued member of our staff and of the press gallery she has failed, as yet to be admitted to membership of the National Press Club, due to some form of a discrimination. Perhaps your Committee can assist her in this matter!

A brief history of our Company.

On May 30th, 1925 Standard Radio Manufacturing Company was incorporated under Dominion Charter and its business was the manufacture of radio receivers for the Canadian market. Subsequently on February 19, 1927, it obtained a license and commenced to operate Radio Station CFRB in Toronto. On September 3, 1929, the name was changed to Rogers-Majestic Corporation Limited and it manufactured and marketed radio receivers under the brand names of Rogers-Majestic, Rogers Majestic, DeForest and Crossley. Through a wholly owned subsidiary, it also manufactured radio tubes. In October, 1929, shares of the Company were sold to the public—a long time ago.

On September 24, 1934, the operations of this radio station were transferred to a wholly owned subsidiary under the name of Rogers Radio Broadcasting Company Limited. In 1941 the whole of the manufacturing operation was sold and the parent company changed its name to Standard Radio Limited, whose only asset for a number of years was the shares of its subsidiary company Rogers Radio Broadcasting Company Limited. In 1947, shortly after the incorporation of the



Argus Corporation, 49 per cent of the issued and outstanding common shares of Standard Radio were acquired by Argus, which holdings have been maintained to the present day.

On January 3, 1962, the broadcasting company changed its name to CFRB Limited and the parent company is today operating under the title of Standard Broadcasting Corporation Limited. The shares of this company are today held by some 2,400 individual shareholders and as a result of stock having been issued to employees under stock option schemes, the ownership of Argus Corporation has been reduced to 46.7 per cent. Because of the number of Canadian pension funds, mutual funds, Insurance companies and investment companies which are shareholders, I estimate that the total number of Canadians beneficially interested as investors must exceed 500,000 people.

The present operation of the Company can be described as follows: (1) *CFRB Limited*—Operating AM Radio Station CFRB at 1010 kilohertz in Toronto with a weekly cumulative audience, according to the last BBM report, of 1,377,600 persons, by far the largest audience of any radio station in Canada.

The programs of CFRB are simulcast on a low power short wave station CFRX, which original and prime purpose was to cover parts of the Canadian Arctic, but still would appear from the mail it receives, to enjoy quite a substantial audience in many parts of the world, due to the vagaries of short wave transmission. However, the audience of CFRX is not considered to be of any value from a point of view of commercial advertising.

An experimental FM license was granted at 46.4 mHz and operation began in October, 1940 until January 1941. After the War, operation resumed as CFRB-FM until the FM band was reallocated. Then on April 18, 1949 the operation continued at 99.9 on the FM dial and in July, 1961 it increased its power considerably and commenced programming separately from CFRB. The present call letters CKFM, were adopted in April, 1963. It was the first Canadian station to broadcast in stereo and today commands a weekly cumulative audience of 232,000 persons with the exception of a few newscasts that are simulcast. Both CFRB

and CKFM broadcast entirely separate programs 24 hours a day but rely upon common facilities for Accounting, Engineering and News Departments. These two stations compete, not only with the many other AM and FM stations in the market area, but also with themselves, for a share of the audience.

(2) *CJAD Limited*—In 1960 Standard purchased the Montreal Station CJAD from the late Mr. J. Arthur Dupont, who had pioneered that station in 1945. The original 10 kilowatt transmitter plant was replaced with a new 50 kilowatt one at a new site on May 6, 1964. CJAD, at 800 on the dial, broadcasts 24 hours a day to a weekly cumulative audience of 492,000 persons. At certain times it attracts the largest audience in the Montreal market, amongst all radio stations French and English.

In October, 1962, its sister frequency modulation station was commenced with the call sign CJFM-FM and now has a weekly cumulative audience of 146,000 persons. Both CJAD and CJFM operate from the same premises with a separate programming but also share the facilities of Accounting, Engineering and News.

(3) *Standard Broadcast Sales Company Limited*: On December 1, 1962, Standard Broadcast Sales Company Limited was formed as a wholly owned subsidiary to carry on the sale of air-time to national advertisers in Canada. This business is commonly known as a "rep" house. The present roster of stations represented by Standard Broadcast Sales is as follows:

Vancouver—CKNW and CFMI-FM.  
Calgary—CHQR  
Winnipeg—CJOB-AM and FM  
London—CKSL  
Hamilton—CHML-AM and CKDS-FM  
Toronto—CFRB-AM and CKFM-FM  
Montreal—CJAD-AM and CJFM-FM  
Halifax—CHNS and CHFX-FM

(4) *Canadian Standard Broadcast Sales Inc.*—Although, in recent years, the dollar volume of radio and television broadcasting revenue from the United States has not been large, on January 12, 1966, the Company—Canadian Standard Broadcast Sales Inc., was formed as a wholly owned subsidiary and operates with a small staff with an office in New York City with representatives in other major markets of the United States. Currently Canadian



Standard Broadcast Sales represents 56 Canadian radio and 12 Canadian television stations in the United States market. This includes three CBC French language television stations. The sales for this company for the month of March, 1970 were at an all time high.

(5) *Standard Broadcast Productions Limited*: This further wholly owned subsidiary was formed on June 1 1966, and is one of the pioneers of a cross-country news service intended for private radio stations. 16 stations, ranging from Vancouver to St. John's Newfoundland, currently subscribe to Standard Broadcast News Service which transmits voice clips and news actualities on an hourly basis and more frequently if required. The subscribing stations across Canada all act as "pick-up" stations for news in their respective areas and the Ottawa Bureau is staffed by three full time representatives. The majority of the International News is obtained through the National Broadcasting Company, which is able to afford to maintain full time representatives in the principal news centres of the world."

I might add to here that we also have some of our own staff. We have someone down at Cape Canaveral and Houston and now one in Montreal to cover things from a Canadian angle.

"Standard Broadcast Productions also syndicates, to other Canadian stations, a number of programs prepared by Canadian artists and commentators. Some are distributed by wire—others by tape.

The management of Standard Productions has, for a number of years, devoted considerable time and effort to the creation and maintenance of the Canadian Talent Library, which is now subscribed to by 172 other Canadian radio stations. Canadian Talent Library is, in fact, operated as a non-profit trust with the Crown Trust Company as the Trustees. All the subscriptions of other stations, together with substantial subsidies made by CFRB and CJAD are reinvested in further Canadian recordings.

The Canadian Talent Library of records is leased out to any Canadian Station. There is no exclusivity in any market. In addition, it is being leased to the British Broadcasting Corporation in England and incorporated in a broadcast-

ing tape service in the United States. Many of CTL's recordings have been put on the Canadian and International markets under various recognized record labels. Recently the CTL has agreed to provide Air Canada with background music tapes for its fleet of planes so that Canadians can enjoy music played by Canadians rather than the U.S. tapes they have been using up to now.

(6) *Standard Sound Systems Company Limited*: This company was formed as a wholly owned subsidiary on December 7, 1966, and originally started a background music service utilizing the facilities of a sub-carrier of CJFM in the Montreal area. After this had been successfully built up over a three year period a similar service was started in Toronto.

However, in September, 1968, the opportunity arose to purchase the Muzak franchise and business for the Provinces of Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland. The bulk of the subscribers of this service were located in Montreal, Quebec City and Halifax. Acquisition of this Muzak franchise forced Standard to dispose of its Toronto Background Music operation to Associated Broadcasting Company Limited who held the Muzak franchise for Ontario. The Toronto Branch of Standard Sound Systems then changed over to a contracting business, concentrating upon schools and hospitals and its two principal lines of equipment are the Dukane (audio communications) and Philips (for closed circuit TV purposes.)"

Well, Senator Davey and your colleagues—that, I think, describes who we are. You have our written brief in front of you. We shall endeavour to answer any questions that you may have.

**The Chairman:** Thank you very much, Mr. Cran. The procedure we follow here is very simple. The Senators will put their questions to you and if you wish in turn to hand them off to your colleagues, please feel free to do so and indeed I think the Senators should feel free to put some questions to some of your colleagues, but they will certainly begin by putting them to you and you, if you wish can hand them off.

I believe that questioning this afternoon is going to start with Senator McElman.

**Senator McElman:** Mr. Cran, this morning we heard from Countryside Holdings. In their brief and in the course of discussions, it became evident that they hold, as an individual part of the broadcasting industry, a concern and I think it could be even expressed as a fear, that if they enter into certain areas, which they refer to as unpopular causes, they would have reason to fear what action might come upon them from the CRTC, because of such controversial broadcasting. Your station, CFRB, employs a stable of people who cover controversial subjects in their talk programs, such as Gordon Sinclair. Apparently you hold no such fear, so which of these attitudes...

**Mr. Cran:** Excuse me, Senator for interrupting you but his son is sitting right behind you.

**Senator McElman:** Is he as tough as his father! What do they pay you Mr. Sinclair?

As between these two approaches to the regulatory body, which is more indicative of the general broadcasters approach?

**The Chairman:** It just might be helpful for anybody who has the brief from this morning here, to actually read that quote.

**Senator McElman:** It reads as follows, Mr. Chairman:

"...the Stations performance is subject to minute and continuing scrutiny by the CRTC. It would be a brave broadcaster indeed who undertook to promote an unpopular cause"—and then further on "...no radio station, large or small, will do anything that might jeopardize its license."

In the questioning—I don't think I misrepresented the answers we got, there appeared to be even more than a concern—I think perhaps a fear that if a broadcaster entered into a controversial or as they termed them "unpopular areas of discussions" that they might have reason to fear whether they would have a renewal of license. Does your organization hold any such fears?

**Mr. Cran:** May I ask Jack Dawson to answer that question.

**The Chairman:** Mr. Dawson?

**Mr. Jack Dawson, Vice-President and Station Manager of CFRB Limited, Toronto:** Mr. McElman, I think placing a station's license in jeopardy is one thing—I mean we know the

rules by which we must operate our broadcasting station, as all broadcasters do, I am sure.

However, in the area of controversial broadcasting, I honestly think that a great deal of it depends on who it is or who is being controversial. If it is a young lad who is new to the news media or new to the industry—and most of us found ourselves in that position at one time—I think that there is a tendency for some young broadcasters to try to emulate those outspoken individuals of a good number of years experience in the industry in order to gain some form—I hesitate to say "notoriety"—but perhaps that is the word I mean.

I truly believe that as far as our station is concerned we are rather fortunate in being able to attract to our stable, as you refer to them, of broadcasters, very experienced individuals who have been around a long time. They have their own considered opinions on a subject and they are not adverse to expressing them. Does that answer your question, sir?

**Senator McElman:** To a degree. Are there are strictures put upon the broadcaster who have or do enter these controversial fields such as Mr. Sinclair. Do they have a consultation before they develop a subject or do they have a free-wheeling approach?

**Mr. Dawson:** I believe in the main, Senator McElman, they have a free-wheeling approach. I cannot think of the last time quite frankly, that Gordon Sinclair has consulted me on a given approach that he was going to take to a subject. However, I know that it happens very occasionally, and by "very occasionally", I do mean probably once in a two-year period.

**Senator McElman:** After these then, have there been occasions, and if so in what frequency, where it has been necessary for management to discuss with one of your staff that perhaps may have gone too far along on a given subject and that they might take a different approach or a less direct approach or a less controversial approach?

**Mr. Dawson:** I really can't think of one Senator McElman. I believe that in the area of good taste, that this is in the eye of all of us. We all have various views on matters of good taste, of course, and we are subject to the laws of the land and I don't believe, to mention Mr. Sinclair's name again, he has ever been sued. We have had a couple



threats but I don't know of one in my association with the radio station that ever reached the Examination for Discovery. Is that the proper phrase?

**Mr. Fortier:** Yes.

**Mr. Dawson:** Is that good enough?

**Mr. Fortier:** Yes.

**Mr. Cran:** May I add to Mr. Dawson's answer?

**The Chairman:** By all means.

**Mr. Cran:** We do have a problem, occasionally, with a younger and less experienced announcer who may try to emulate the people who are so very successful, like Gordon Sinclair or Pierre Berton or somebody like that and who say things which are out of place. Then we have to speak to them to put them in line.

**Senator McElman:** But not with the...

**Mr. Cran:** Not with the experienced ones, no.

**Senator McElman:** In the utmost good humour this morning, since Mr. Sinclair has an association with Countryside we asked what they were paying him and we prefaced this with saying that we were going to ask Sinclair-type of questions. The answer we got was nil—they paid him nothing. We then asked if he was delivering as much value as he was being paid. What are you paying Gordon Sinclair?

**Mr. Cran:** No comment.

**Mr. Dawson:** There is another department on the Hill than can tell exactly.

**Mr. Cran:** If you listen to the station often enough, he will tell you!

**The Chairman:** Mr. Fortier?

**Mr. Fortier:** Do your stations, Mr. Cran, stand behind your commentators such as Leslie Roberts and Rod Blaker and Gordon Sinclair? What I'm trying to get at is I have heard in Montreal for example, over station CJAD the statement on occasion "that this is Mr. Roberts' view and it does not necessarily represent the view of the station", but correct me if I am wrong, on other occasions, I haven't heard it. It seems to depend on the nature of the editorial or the comment?

**Mr. H. T. McCurdy, President, CJAD Limited, Montreal:** I think the actual statement, Mr. Fortier, is "the freely expressed opinions of—," and we don't add the phrase that you quoted.

**Mr. Fortier:** Did you not at one time add that phrase?

**Mr. McCurdy:** Yes it may have been but it was a long time ago because all we try to point out, in any of these introductions or closings to commentaries, is to clearly establish in the ears of the listeners, that they do not necessarily reflect our views because we do not have an editorial stand as a station.

**Mr. Fortier:** Well, that was going to be my next question.

**Mr. McCurdy:** We have a variety of commentators and I think we probably do as much controversial commentary as our big brother in Toronto; but we try, in the course of a given day or week, to air a variety of views on any given topic; I suppose as a means of informing the public so that they may be better able from all sources of information to draw their own conclusions. If you have listened you may have heard Blaker disagree with Roberts or agree or disagree with both.

**Mr. Fortier:** Should radio stations have an editorial stand—take an editorial policy?

**The Chairman:** Mr. Cran?

**Mr. Cran:** We have considered the matter from time to time and I am afraid we have rejected it. We have decided that having these various views, many of which are conflicting, on different aspects of a subject was a better policy. Management, in any way, are inclined to be involved in playing down the views of station.

**Mr. Fortier:** Can you envisage a situation in Canada where you would feel compelled as a broadcaster to take a company view, as a newspaper would at the time of an election, for example, and recommend that people vote for Mr. X or party Y?

**Mr. Cran:** No.

**Mr. Fortier:** You don't think that this is...

**Mr. Cran:** I can't envisage it myself.

**Mr. Fortier:** You don't think that this is really within the purview of a radio station, is that correct?



**Mr. Cran:** No.

**Mr. McCurdy:** In the field of politics I would hesitate but I think there are other issues in which we would take a stand. We have taken stands on things like crime and pollution and various things that are in the community or of national interest.

**The Chairman:** Have you taken any stand on issues which you perhaps might regard as unpopular causes? You know, it is very "in" to be against pollution these days but are there other examples of causes you have found which may not be broadly popular in the community.

**Mr. Jack Dawson:** I can think of one, Senator Davey, that we issued as a direct station editorial and by that I mean placing it at a specific time—prime time. We repeated it three times, I believe, in the course of a 24 hour period. That was a number of years ago—it was probably 8 or 10 years ago now and even maybe longer than that. I have forgotten the exact issue but there was some controversy about the CBC being responsible to the Government rather than to Parliament. There was some controversy at that time in the public press and we took the view: "please, hands off the CBC".

**The Chairman:** Probably concerning the program "Preview Commentary" in the morning?

**Mr. Dawson:** It may well have been, senator, that is the only editorial that I can ever remember...

**The Chairman:** We should perhaps return to Senator McElman but if I can just ask one final supplementary question on your opening question. The witness this morning—I think some of us were astonished, and I don't think Senator McElman has over-stated the case, that they were fearful that controversial programming—not bad broadcasting—but controversial programming might cost them their license. Do you fellows live in that kind of fear at all?

**Mr. Cran:** No, we don't live in any fear at all.

**Mr. Fortier:** Would the size of your organization have anything to do with that?

**Mr. Cran:** Well, I suppose that helps but we don't fear any sponsor, we don't fear the attitudes of any shareholders.

**The Chairman:** They were referring specifically to the CRTC.

**Mr. Cran:** A small station which has a very small number of sponsors in one small community probably has to be afraid of what they might say about some of the local people.

**The Chairman:** That wasn't the context—it was a fear of a government agency. However, I think in fairness to the people who were here this morning we perhaps at this point may be guilty of saying things...

**Mr. Cran:** We may fear the CRTC if they lift our license.

**The Chairman:** Well, their point—they were afraid of having their license lifted on the basis of controversial programming. That is precisely what their fear was.

**Mr. Fortier:** For example they said they would never criticize the CRTC in answer to a question from Senator McElman.

**Mr. Cran:** We frequently have to send tapes up to the CRTC because complaints go to a Member of Parliament or something like that. Gordon Sinclair—you mentioned Gordon Sinclair—half of his audience love him and the other half hate him and the same thing with Berton and Templeton.

**The Chairman:** Which half are you in, Mr. Cran?

**Mr. Cran:** No comment.

**The Chairman:** Senator McElman?

**Senator McElman:** This morning following this line of questioning, I gave the example of the station and manager in Fredericton, Jack Fenety who is the immediate Past President or Vice-President of CAB.

**Mr. Cran:** Right.

**Senator McElman:** Mr. Fenety is a very straight forward fellow and he was interviewed for a half hour by one of his own staff on the new CRTC proposals and he was his usual out-spoken self. He said many unkind things in that context about the proposals and by experience against the CRTC and their regulations in general, and I ask "Would this be the sort of thing that would give you cause for fear?" and the answer was "Yes".

Out of your experience in broadcasting do you feel that any broadcaster in Canada

should hold such a fear of the regulatory body? Is there any basis for such a fear out of your experience?

**The Chairman:** Mr. Cran?

**Mr. Cran:** There is, I suppose, a fear that broadcasters might well hold when it comes—if there is going to be an extension by the CRTC in to what types of programs to give by regulation, and with the rules we have worked under up to now, that might become very fearful and I hope it would never occur.

**Senator McElman:** But out of the rules that you have been operating under up to now, today, and taking this into consideration...

**Mr. Cran:** We have no cause for concern. As a matter of fact with the proposed regulation which is being debated now across the road and will be for the next few days, about the 30 per cent Canadian music content—I was dragooned by Gordon Sinclair to go on his show one evening and he interviewed me for the whole show. I welcomed it because we had been working towards that for many years with the creation of the Canadian Talent Library. We felt that with the position we held in these two predominantly large markets, it was incumbent upon us to employ musicians and to get them exposure as Canadian musicians throughout the country. We felt that just followed along the line of our own thinking; but we haven't got any fear at the moment.

**Senator McElman:** Unless there are supplements on that perhaps I could change the subject.

**Senator Smith:** Let me ask a question on that.

**The Chairman:** Senator Smith?

**Senator Smith:** Mr. Cran, I wonder if you personally have held views opposite to the ones you have just expressed with regards to this 30 per cent Canadian content. Would you have felt quite free from fear of any kind of repercussion if you had expressed those views in strong language on that program?

**Mr. Cran:** Sure.

**Senator Smith:** On that program?

**Mr. Cran:** Sure.

**Senator Smith:** You would have gone right ahead just the same?

**Mr. Cran:** Yes.

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**The Chairman:** Senator McElman?

**Senator McElman:** Perhaps at this point it would be a good time to move to the provision of 30 per cent...

**The Chairman:** Fine.

**Senator McElman:** Would you let us have your views on this?

**Mr. Cran:** Well, as I say we have been working towards this and I think that currently we are running around 17 per cent Canadian music on our station. We are getting it up now so that we can produce more by the deadline and I believe we will do it—the 30 per cent by then. However, I will repeat what I said before that I don't think it is right for people like us in our position to take large amounts of money out of the market, like Toronto or Montreal, in advertising and to depend upon music as a substantial portion of our program content, and not involve in someway or the other the employment of local Canadian musicians.

It is impractical today to have it live. That is why we did it on a recorded basis and those recordings, we make available to any other station in the country.

**Senator McElman:** You feel that your station will be able to meet this requirement by the proposed date?

**Mr. Cran:** Yes.

**The Chairman:** May I ask Mr. Hartford a supplementary question on this.

**Senator McElman:** Well, I have a supplementary on this too. Do you feel that other broadcasters throughout the country will be able to meet the requirement without measurable difficulty?

**Mr. Cran:** I am not sufficiently aware of other broadcasters. Perhaps Mr. Potts would care to answer you.

**The Chairman:** Mr. Potts?

**Mr. J. Lyman Potts, President, Standard Broadcast Productions Limited:** Senator, I think it will vary across the country depending upon the format of the station. I was interviewed on the CBC coast to coast program "As it Happens" the other night and they had many of the same questions, but I think it will vary. Some stations will follow a rural appeal or country music and this kind of thing, but the question is: is there enough



country music in this country to satisfy the need of that station or will the station have to go half-classical or into a more popular field in order to find the right amount of music, which will distort the image of that station in the mind of the listener.

It may vary from station to station across the country depending on how they are appealing to the public. This will also vary too from station to station as to the supply. Everybody feels that the fellow who is doing something else is going to be all right. The rock station thinks they are going to be hit hard and so the middle of the road is all right; the middle of the road says "who is going to record those big orchestras that we need by Canadians? Certainly no recording company is going to because they must have their money back in Canada and you need an international release." The people are wondering where the André Kostelanetz records are coming from for "Candlelight and Wine" and so forth.

But just what records are going to be made? There is a feeling that, as a result of this regulation, a lot of people are going to get into the recording act and start making records. Now, what kind of records are going to be made by these people? Who are going to risk their money on the records remains to be seen; but some stations are waiting to see whether the supply is going to be there or not.

In producing the Canadian Talent Library, we had endeavoured to demonstrate that in this country we have excellent musicians and singers of all types and we have tried to put forth a representative group of recordings that covers the complete spectrum of music. We have tried to plan against this particular day for one thing, but secondly because we want to do this and we have tried to make things of lasting value because there was so little of the Canadian. So we have recorded a lot of our material down the middle, steering right or left from time to time. We had hoped by our example to suggest to other broadcasters that if it agreed with us in our concept, they start their own show and do something similar. But if everybody did something, there would be no need for a regulation today. The regulation comes as a result of the minority not doing something, or not living up to the public expectations of the broadcasters—that is where most of our regulations come from.

Regulations are made to cover minority operators not the majority of stations. This is

why we have this today. Some stations, to answer your question, will have some difficulty, I think, but it varies as to the market.

**Mr. Cran:** Senator, if I may interrupt and add to Mr. Potts answer. If I was operating a station, on which I was using all classical music, like some FM stations have done in the past, I would be extremely concerned because there just is not that amount of classical music available in Canada. We have made an investment in it ourselves, because we have a particular program which we have been doing for 25 years of two hours of classical music in the evening and only a tiny percentage of that is available from Canadian sources. If you were doing that all day long you would be in an awful bind.

**The Chairman:** Mr. Hartford?

**Mr. Donald Hartford, President, CRFB Limited:** Well, yes, it has been said that we feel we can live with the 30 per cent, and one has to sympathize with what the CRTC are trying to do, but the thing that I am some concerned with is the entry by the CRTC into the matters of programming a station. It is unfortunate that this has to be the way we have to get our 30 per cent, because when you get into the entertainment area of programming, that becomes another matter altogether; quite apart from the 30 per cent which motivates that agency. In the long run—you know, governments change, people change and if others say: "Well, that was one way to go. Perhaps we can rely on some guidelines for news and other things".

I personally feel that the listener is probably the best censor of the whole thing. If you put on something they don't like, they go away in great droves. You don't have an audience, you can't sell it and you are out of business. So the most desirable effect would be to have free access to the type of audience that you could get; but some broadcasters feel differently and I guess that is why we have such forms of program control in a way.

Now, the thing Mr. Cran just mentioned—don't think they are programs they wish to inhibit but if it does go through in these cases it will. In our case, "Starlight Serenade", two hours each evening of classical music, there is very little Canadian and it is very expensive to produce. And adjacent to that, we have another hour with *Ray Sonin* who plays songs from the past and on Saturday evening play songs from England. It is pretty difficult to make these Canadian; but if you put them



back to back you can average over four hours—so that you couldn't really comply if that came into effect. There is absolutely no way to move on it at all in any direction, there is no latitude in that you could average it some other way, so those programs would probably have to go. There aren't that many doing this kind of programming any more and I'm sure there are aspects of this which they would look at.

**The Chairman:** There has been indications, I believe, that the CRTC will offer some latitude in these various areas. I have heard discussions where obviously a program of opera would be an enormous problem. So assuming they give that kind of latitude, isn't it unfair to suggest that it is program control? That is really what you are talking about—music content? They are not saying that CFRB, for example, has to run any music at all and they are not indicating the kind of music that you have to run. You could become an all news station if you wanted to.

**Mr. Hartford:** That is so, but I think what I really said was I hoped that it is a move in the direction...

**The Chairman:** Fine.

**Mr. Hartford:** That if we start to think in the terms of should we have 30 per cent of any kind of music—well, then perhaps should we have a percentage of Canadian content in news and should we relate it to other things. Then you are really getting into a programming area. I didn't mean to be unfair because I said I hoped we really don't, to any great extent get into that kind of thing. Perhaps the broadcasters as such—and I know it is difficult for some—will do a little self-analysis and maybe it will become a little less necessary in the future.

**The Chairman:** Senator McElman?

**Senator McElman:** What you are saying in effect, Mr. Hartford, is that if some stations want to put on four hours of music in the Cantonese-style, it is up to him if he can stay alive...

**Mr. Hartford:** I wish he could.

**Senator McElman:** If he could survive.

**Mr. Hartford:** I wish we didn't have to get into a control because if he feels four hours of Cantonese music is for him, if he feels he can live on it and some people enjoy it, I wish he could have the right to do that. I haven't

any good answer to that, but it is unfortunate that we have to get into an area where this will prohibit it.

**Senator McElman:** Alright, let us just forget the mechanics for a moment—the principal and the objective that is imprinted in the CRTC proposals—do you support the objectives?

**Mr. Hartford:** Yes.

**Senator McElman:** Of greater Canadianization?

**Mr. Hartford:** Yes, I believe I started by saying that one really can't quarrel with the objectives—that it well might be there may be some modifications yet, there often are on these things.

**Senator McElman:** Yes, you are right. It is only a proposal so far.

**Mr. Hartford:** Yes.

**Senator McElman:** In light of it being a proposal only and thus far we are only having opinions on it, I take it from what has been said that you don't support entirely the extreme and generalized approach taken the CAB thus far?

**Mr. Hartford:** We don't fully support some of these things the CAB does. We are members and we basically support the idea of the CAB but we don't always. We don't support them for example, in release of rate card data and such things. Often we go at odds with them and sometimes we are the only station. I guess it may create problems for them and we sympathize with what they are doing as well but we have a large audience to think about and a large station of which we are proud and we go our own way in a great many instances.

**Senator McElman:** In the current situation as I understand it, CAB says that the proposal for 30 per cent in music is impractical and unattainable. You would not subscribe to that, I take it?

**Mr. Hartford:** No, we don't personally but you must remember they are speaking for a group of stations and they are perhaps talking for stations that are perhaps going to find it that difficult—I don't know.

**Senator McElman:** Well, looking at the broadcasting industry across the country, and I'm sure you have a good view of it, could you believe that to be a proper terminology to

be used for the industry as a whole? That is that it is impractical and unobtainable?

**Mr. Hartford:** I find it pretty difficult to comment on that statement because I wouldn't like to discuss the operation of a radio station run by someone else really.

**The Chairman:** I think that is an acceptable answer. I think if a witness can only talk about CFRB, in fairness...

**Mr. Fortier:** This really flows from something that Mr. Hartford has said. Laudible though the objectives may be, which is not exemplified by these proposals, you spoke a few minutes earlier of what I suppose is your most important commodity—your listeners. Do you have reason to believe that your listeners want more Canadian music?

**Mr. Hartford:** Music is only a part of a mix, you know. If you listen to a morning run which a few years ago—we call it a morning run...

**Mr. Fortier:** Yes.

**Mr. Hartford:** Which a few years ago might have had one announcer on it and perhaps a newsman coming and the rest was music. Well, now you have all sorts of ingredients that have been added. On most stations, you have helicopter reports, for road and traffic reports and weather reports; all sorts of things have been added—sports, for example.

Music on AM radio—and AM and FM are two different things in my view—is still a very important commodity but it isn't as important as it was; and indeed, you don't hear as much of it on many AM stations as you did at one time. There is more talk and so there is more of a mix. Now, it also has to do with how they are inserted in a run. We have a radio station that will play a great many numbers off of the hit-parade. If somebody asks you how do they sound, "you say, sort of middle-of-the-road" and we do play a great many of the numbers of a rock type station would play. They are very good stations too, but with a different philosophy. However, it is in the way you insert the music, really, and that involves the people that chose it as well as the operator and the announcer and how they put it together.

**Mr. Fortier:** Well, I will just repeat my question.

**Mr. Potts:** May I just take a crack at your question?

**Mr. Fortier:** By all means.

**Mr. Potts:** Listeners don't phone and ask me "Can I hear some Canadian records".

**Mr. Fortier:** No.

**Mr. Potts:** But what we do find is that when you play Canadian artists on the air, they phone and say "Where can I buy it—I like what I hear, where can I buy it?" That is our next stumbling block. There should be a 30 per cent Canadian content in some sort of role in Canadian record stores coast to coast because that is where we are hitting the road block right now.

**Mr. Fortier:** Yes, I understand.

**Mr. Potts:** A lady wrote me from Montreal the other day and said: "I am trying to buy the Boss Brass, how can I get this?" This is repeated thousands of times over. I have had it up to here! I wrote back to her and said: "The company that released that record to us is a few blocks from your home, I will write to the President and see that you get a copy." Now, I have done that thing many times over. It is our greatest frustration, that we cannot get these fine Canadian records—and many of them are exceedingly fine—into stores where the public can get at them. If they are in the stores, they are under the counter; they are not up near the cash register and that sort of thing. Canadians if they are given opportunity to hear Canadian artists—comparable to what Americans have been doing and the British have been doing—will show reaction.

**Mr. Fortier:** So that you have sensed a demand for Canadian performers?

**Mr. Potts:** Yes.

**The Chairman:** Mr. Hartford?

**Mr. Hartford:** I would like to just add on to that, Mr. Fortier. The way that we treat it is that we don't identify them as Canadian. We feel that you either like it or don't like it the way it is, and we just don't say: "this is Canadian record" or "this person is Canadian."

**Mr. Cran:** We don't apologize for it.

**Mr. Hartford:** No, we mix them in and the quality we find is up-grading and very acceptable.

**Mr. Fortier:** What has been your experience in Montreal, Mr. McCurdy, with respect to what your listeners are longing for insofar as music is concerned?



**Mr. McCurdy:** Well, that is a very difficult question. No one ever calls up and says "Why don't you play more Canadian".

**Mr. Fortier:** But you do make studies, don't you, as to what your listening public likes or it has not liked? I mean, you obviously try to cater to your public.

**Mr. McCurdy:** Well, it is a trial and error business to a great degree, when you have 19 stations in the market and when we are dealing with Mr. Sinclair on one hand and a market mix is there. You have access from a variety of sources—whether it is research or phone call reactions or letters. We talk at length with the record companies. You distill all of these sources of information into what you think is the will of the people, the desire of the people, and decide on your group and put the ingredients together—the music mix that is within company policy and you hope you can attract a sufficient number.

We have the added ingredients, the added aspect of programming in Montreal which is the French-Canadian thing and we find there is a growing demand for some of the more popular French-Canadian singers and instrumentalists.

**Mr. Fortier:** And there is an increasing use of those records on CJAD?

**Mr. McCurdy:** That's right.

**The Chairman:** But the brief says you use them more on the FM stations than on the AM. Why is that?

**Mr. McCurdy:** Well, of course they have more music for one thing and it is a music medium, so that we have to program 18 or 20 tunes an hour on FM.

**The Chairman:** On a percentage basis do you play as many French artists on CJAD as CJAD-FM?

**Mr. McCurdy:** No, probably not. The music policy is different so we don't have the sources.

**The Chairman:** Do you play French artists on CFRB at all?

**Mr. Potts:** Well, Mr. Dawson could speak on this, but I had an experience the other day that came to me through CAPAC. They had made a French recording and an English recording of pretty well the same thing. They found great success with this in the French market and they wanted to get the Canadian

Recording released—that is the English recording. They were trying for an American release but no American company would take it and the Canadian company has deigned to take it—lets put it that way. They brought it in to me and I referred it to Mr. Dawson and his Music Director, Mr. Arthur Collins to listen to it. He listened to the French and the English and he said: "I will play the French, but I don't like the English record—it doesn't appeal to me, I will play the French".

We recorded for CTL, a group called "Les Contre Temps" a young folk singing group from a college in Montreal. One side was French and the other side was English. Of course, they sing better in French than they do in English and strangely enough it was the French side that got the play on CFRB, not the English side. In other words, the music was international. They had won the International Folk Singing competition among college groups at the CNE just the previous summer for that matter and thrilled a great many people who couldn't even understand French.

However, to add to what Mr. McCurdy said and again to what you say about asking people what they want to hear—I know Mr. McCurdy's station has conducted surveys and he let me read them. People write in in answer to the question "What do you want to hear on FM" and they answer "Well, Tom Jones, Roger Williams"—they name all the American and all the British and I think perhaps there was one or two Canadian names among them but they were the same names over and over and over again. How are you going to make the public want Canadians? It is going to take more than radio to do this.

**Mr. McCurdy:** Well, surveys and news are terribly hard to read. We did a survey not long ago and one question we asked was: "What is your favorite kind of music?"—and they put down "Popular" in answer to the question: "Who is your favorite singer?" and they put down "Paul Robson". Now what you get out of a thing like that I don't know.

**Mr. Fortier:** Do you see the day, Mr. McCurdy, where CJAD will broadcast partly in French and partly in English?

**Mr. Cran:** We are only licensed to broadcast in English.

**Mr. Fortier:** As opposed to CKVL-FM, for example?

**Mr. McCurdy:** They have a bilingual license.



**Mr. Fortier:** Well, alright. Let me rephrase my question, do you foresee the day where you will apply for a bilingual license?

**Mr. McCurdy:** No.

**Mr. Fortier:** You are essentially an English-speaking radio broadcasting station?

**Mr. McCurdy:** Yes.

**Mr. Cran:** If I may interject?

**The Chairman:** By all means.

**Mr. Cran:** CJAD-FM the call signs are rather hard to identify to French speaking people, and we instituted a practice a couple of years ago where once an hour we give the station break announcement in French as well as in English and we got some rude letters from the CRTC about this.

**Mr. Fortier:** Did you?

**Mr. Cran:** Yes.

**Mr. Fortier:** I heard it on CJAD—your call letters in French on occasion.

**Mr. McCurdy:** That is just a courtesy.

**Mr. Fortier:** Just the announcer's whim?

**Mr. McCurdy:** That's right.

**Mr. Potts:** Mr. Cran, was it not the BBG the rude letter came from, not the CRTC?

**Mr. Cran:** No, from the CRTC.

**Mr. Sydney Margles, CJAD Limited:** I might add, Mr. Fortier, that we do at times carry some French in news, particularly in news conferences which we are carrying live and what we are endeavouring to do—if we carry for instance a city hall news conference with the mayor and Mr. Saulnier, the Executive Committee Chairman speaking in French and do simultaneous translations, I get calls from our French listeners saying: "Why don't you keep off and let them speak", and if I do summary translations every three or four paragraphs I get calls from listeners saying "Hey, we didn't understand what you are saying and why are you running so much French" so it is damned if you do and damned if you don't but it is still our policy if it is an important news story, regardless of letters, we are going to carry it and we are going to do translations for the benefit of English-speaking audiences which doesn't understand French and unfortunately there

are Montrealers who do not speak or understand French.

**The Chairman:** May I just ask, Mr. Cran, a question. You as the head of Standard Broadcasting sit in a very predominant position in Canada and in Canadian Broadcasting. One of your stations is the most listened to station in Canada and the most listened to station in the second largest city in Canada. The other station, the brother station, to use the words of one of your colleagues, is the most listened to English language station in Montreal. Aside from the French fact in Montreal, what difficulty is there in running a station in Toronto than running the station in Montreal?

**Mr. Cran:** Well, how many days do we have here

**The Chairman:** Well, what are some of the basic differences, setting the language aside?

**Mr. Cran:** There is a difference I think, Senator Davey, in operating a station between any one city and any other city and it is our policy, it has been my policy, to ensure that we have the best station managers and program directors and other staff in any one area—like Montreal or in Toronto—and just let them run the station as they see fit in a proper way. Outside of that, we don't—I mean CFRB bought CJAD back in 1961 and they have never tried to tell them what to do with regard to programming. It was left to the local people who had the feel of what the public wants.

**The Chairman:** Well, then what advantages are there to the listeners in Montreal in CJAD being owned by Standard as opposed to being owned by someone else?

**Mr. Cran:** Only the assurance that they will continue good management and it would have access to any of the facilities of the group. They are all available to them and Mac can take Berton and Templeton if he wants to and if he doesn't want to, I don't tell him he has to.

**Mr. Fortier:** Why doesn't he take them?

**Mr. Cran:** Because he doesn't like them.

**Mr. McCurdy:** We tried them and they didn't work.

**The Chairman:** Why wouldn't they work in Montreal?

**Mr. McCurdy:** Well, I think every market has a characteristic and I was talking to

French broadcaster in Montreal the other day that owned a station in Montreal and one in Quebec City and they are working very hard to try and find the way to win out in Quebec City. The formula they are using in four other Quebec province markets won't even work in Quebec City; and so they are then leaving it up to their staff and assessing that market in trying to find out what the formula should be in that one market.

**Mr. Fortier:** Maybe the question should be now what formula do you use to appeal, as you obviously do, both to the French and to the English on CJAD?

**Mr. McCurdy:** I sometimes wish we knew but I couldn't write a brief to tell you this.

**The Chairman:** Well, for example, you don't have a woman editor, I gather?

**Mr. McCurdy:** Yes, we do but not in the same format as Betty Kennedy.

**The Chairman:** I see. What does your woman's editor do?

**Mr. McCurdy:** She does certain limited broadcasting, certain commercial work and she is primarily now in the field of public relations.

**The Chairman:** Would Betty Kennedy be popular in Montreal on your station?

**Mr. McCurdy:** You mean if we carried her Toronto show?

**The Chairman:** Either way. If you carried her Toronto show or if she moved to Montreal and did a program like that in Montreal?

**Mr. McCurdy:** Well, I think Betty is such a professionally competent broadcaster that she could probably carve out quite a following in any market. But we just happen to feel that that type of programming is passe in our particular market; so we did have a program of that nature and we changed the format. We no longer do block programming of that nature to a select audience. We do a more general audience type of programming.

**Mr. Hariford:** I was just going to suggest that Jack Dawson has so much experience and such strong views on programming that if you could spare the time I would like you to hear him.

**The Chairman:** Fine.

**Mr. Jack Dawson:** I wanted to differ with Mr. McCurdy—not quite differ because we have to present a common front here...

**Mr. Fortier:** Is that what Mr. Cran told you!

**Mr. Dawson:** In connection with that Mr. Fortier, I believe this is somewhat of a privileged conversation, is it not?

**The Chairman:** It is indeed.

**Mr. Dawson:** There are many occasions when I wished Mr. Cran was domiciled in the city of Montreal. However, I seriously believe with regards to Betty Kennedy doing her broadcast on CJAD, the Montreal station, I think it would inhibit her. Anyone like a Betty Kennedy, or say Pierre Berton or Charles Templeton—if he can gear himself to one transmitter, one community, he can speak more freely and he is speaking about things that many people in that community are interested in. If Betty Kennedy were to be on the Montreal transmitter doing the same program, I believe she would have to be doing a totally separate kind of program to be on down there. Otherwise she would have to make the decision everytime she did an interview: "Will this stand up in Montreal, or is this of interest to the Montreal audience"? I think this is one of the reasons why network radio is pretty well dead.

**The Chairman:** Senator McElman?

**Senator McElman:** How then does your syndicated programs—you list some of them here on Page 11 and 12 and the names of Templeton, Berton, Hesketh, Needham, Belanger, McVean, Coleman and Trueman, now, this is a pretty well Toronto-oriented type of syndication. How does this sell in Canada?

**Mr. Potis:** Not very well. It is not a business to make money at the present time. As we said in the brief, syndicated programming years ago came from the United States and Canada was virtually a nothing ground. It is very difficult to carry on syndicated programming in Canada. In network radio, someone in Toronto at the CBC makes a decision and they say "This program is going to be heard coast to coast". As Mr. Dawson says this really doesn't work any more. But the beauty of private radio is that the decision is in the hands of all the local operators; these people know their communities and they try to get what is best for their community.



"Dialogue" started in Winnipeg and ran two years then the station felt as far as they were concerned it was wearing out, it didn't do the job in their community. We never did place it in Vancouver. It has been popular in Alberta, its been running in Calgary and in Edmonton. Red Deer had it for awhile and dropped it. It is still running in Calgary and Edmonton I might add. It has never run in Saskatchewan and has run in various places in Ontario but it seems to wear out. While it continues to do an excellent job for CFRB in Toronto, this is because, as Mr. Dawson says, it is more a tuned to this situation even though I'm sure Templeton and Berton every once in awhile say: "Well, that happens on Yonge Street and I'm sure it happens on 11th Street in Regina and so forth." However, this isn't quite the same thing. But it is still now running in several markets across the country but they are stations with a small market getting big names across the country at a relatively small cost.

The "Man and Woman" thing which Richard Needham is doing very well on CFRB is also running in Belleville I think, but that was it. There was no response across the country at all. So it does vary as to the needs of the station and that sort of thing.

**Senator McElman:** You don't see a syndication of this nature entering the needs for Canadian content across the country?

**Mr. Potts:** Talk radio mostly is of a local nature relating to local needs and one man who is very popular is Bob Hesketh. This is in about 30 markets across the country and it has been running solidly now for over three years. He has become, as a result of this, a national name and makes frequent tours across the country as a guest speaker. So in his case it has worked but it is sort of a fun-kind of thing and a sort of fun-look at life which seems to strike a responsive cord in many areas.

**Mr. Dawson:** Senator, if I may, the reference is only to music so far in the 30 per cent and really not to this type of programming.

**Senator McElman:** That's right.

**The Chairman:** Thank you.

**Senator McElman:** Mr. McCurdy, I see in paragraph 107 you say:

"Because of our unique market, CJAD uses more French Canadian talent and acts as advisor to the Canadian Talent

Library on French Canadian artists of interest to the rest of Canada."

Now, with the great build-up of exciting and outstanding artists and performers in Quebec province, is the advice being given that more of these artists be picked up by CTL and that more extensive distribution of their work go out across Canada?

**Mr. McCurdy:** What is really meant by that is that we are one of the subsidiaries and clients of Canadian Talent Library and Mr. Potts endeavours to spend our money in our market in producing recordings. In other words there are Montreal recording sessions as well as Toronto recording sessions and there have been a few others in other centres across Canada. So what usually happens is that Mr. Potts calls and we have a little conference with our Music Librarian and Programme Directors and anyone else who can contribute to the meetings. We say: "Is there any new talent, or can you recommend the people we should use in our next recording session in Montreal?" If we have come across or been made aware of some French-Canadian talent, that isn't already under contract with some of the major recording companies, we will pass it on to Mr. Potts to make the arrangements to do this. This is the form of consultation that goes on and our X number of thousands a year is usually spent on more recording in Montreal.

**Mr. Potts:** I might add that when we state that we record in Toronto and Montreal—we say Toronto and Montreal, but the musicians from all over Canada gather in these two centres because this is where the work is done. It is not unusual to have the French horn player in the orchestra from Victoria and the piano player from Sydney, Nova Scotia; but here again it is very difficult.

As Mr. McCurdy just touched upon, there is such a flourishing French recording industry that all of the good artists are tied up by all of the record producers in Quebec and a broadcaster can virtually get those records for nothing. They can get it either as a complimentary "45" or they can buy it for \$1.25 as an LP. But when we produce a record in Montreal, through the subscriptions, through CTL, it is tantamount to saying a station is paying \$60.00 for that kind of LP because it is helping to pay the full cost of that record made in Montreal. We do try to get French songs by French Canadian composers that we can do instrumentally; and we would like



very much to get the French song and to get English translations of the French songs. We have done some where we have done one chorus English and one chorus French and so on. But we would like very much to get successful French songs, get an English lyric written—which has been done on songs out of France by the way, which have been heard throughout Canada. This gives the song that much more exposure because it would help the writer and the publisher and the singer.

**Senator McElman:** Mr. Cran, one of our witnesses this morning in his brief suggested that the return profit in broadcasting should be no less than 15 per cent. Would you consider that a reasonable figure as a minimum?

**Mr. Cran:** 15 per cent of the investment?

**Senator McElman:** Yes.

**Mr. Cran:** Broadcasting is a service type of business, in which in my own opinion, it is not very relevant to look at the return on the investment; that is if you are starting a broadcasting station with the capital invested in the equipment and the working capital, etc. We never look at it from a point of view of return on the investment. What does happen, of course, is the question of how much you keep out of the gross revenue. Let me put it that way around which may bear no relation to the investment.

**The Chairman:** Senator Sparrow?

**Senator Sparrow:** However, in the final analysis it must bear the relationship to the investment?

**Mr. Cran:** I suppose it does. If we would take into consideration—if we were buying an existing station—we would expect a return of 12 or 15 per cent on the investment that we were putting out, but with our own established operation, the capital cost is written way down and the return bears no relation to that. That may sound like an evasive answer but it is not meant to be.

**Senator McElman:** What would be a realistic percentage on the gross revenue?

**Mr. Cran:** Well, the bigger the market gets, the larger of the proportion can be profit. That is speaking generally, but you have a lot of elements that are controllable and that is where you have to use judgement. The amount, which you can spend on programming and talent and other facilities in order to maintain or increase your audience, is in

your hands. I mean, you can build a circulation up to a certain figure and you could then cut expenses and flog it profit-wise for a few years but then you start to go down. I mean, this has been done before in this country. But to maintain it, with a lot of competition, you have to keep putting money in and ideas and experience in additional quantities or the time to make it better and better and better because it is quite simple—you first of all have to get a good enough program to attract an audience and then you get some business.

**Senator McElman:** Taking all of that into account, is there any minimum percentage return of gross revenue that you would consider reasonable below which no one should safely fall?

**Mr. Cran:** Well, not in our case and I just hope that they all make a profit. We have built the FM stations in both cities by quite deliberately going out and investing the money in them in the form of capital construction and investing the money into the operation at a loss for a period of years—so the budget in a few years time will reach the break-even point and after that you will become a profitable venture, which means to say that Mr. Benson pays 53 per cent of the losses. He isn't in the room today, I hope!

**The Chairman:** No, but he reads the transcripts every day! I would like to ask Mr. Hartford what he considered to be the second-best AM station in Toronto?

**Mr. Hartford:** To me it is just like asking what should be the return on your investment; because a transmitter for one city is the same transmitter as for another and it is what happens on it, that attracts the audience. Most of your investments are in people, after you have depreciated the hardware. So you put up the two transmitters, each costing the same amount of money so does all the hardware—and one attracts the larger audience and one will get a larger return on the investment. When you ask: "What is the second-best station", I don't know whether you want to know the second-best western station or the second-best rock station, or what. I don't really know—do you mean from an income standpoint or from an audience standpoint or the way it is managed?

**Senator Sparrow:** I am still concerned about the answer on return on sales. I am sure that I don't know of any industry which doesn't have a financial statement which has a return on sales and relates it to investment.

I don't know how else you operate an industry. Surely an industry looks at a statement at the end of the year and the return on sales has been 1.5 per cent and another industry might be 1.8 per cent and a food industry might run 4.7 per cent and so on. The broadcasting industry must have the figures, do they not?

**Mr. Hartford:** My own answer would be that you shouldn't expect less than you can get in the market place by just taking your money and investing it. By taking your money and investing it in the market place you can get 10 per cent today and I believe you should try to at least get that because for the other you don't even have to work.

**Senator Sparrow:** So that answers the question then of Senator McElman.

**Mr. Hartford:** Well, that is my own view, but I don't know about Mr. Cran.

**The Chairman:** Do you wish to add anything, Mr. Cran?

**Mr. Cran:** No, I have nothing to add.

**Senator Sparrow:** There must be relatively the same return in sales?

**Mr. Cran:** We are a service company. We are not selling automobiles or anything like that—we are a service operation. We are a service institution like a lawyer's firm or something like that and we are dealing with people. Now, you talk about capital investment—we are a public company with a public set of values of some fifty or sixty million dollars on the operation—that is not represented by hardware or anything it is represented by record of earning capacity over a period of years.

**The Chairman:** Senator McElman?

**Senator McElman:** Let's put it another way. You have the largest single BBM rating in Canada—at CFRB, that is correct, isn't it?

**Mr. Cran:** Yes.

**Senator McElman:** And you also have the highest rates I believe also, which follows.

**Mr. Cran:** Yes.

**Senator McElman:** Would those rates be established on the basis of bringing in X return or on what the market will bear?

**Mr. Cran:** I think Mr. Hartford could answer that one better.

**The Chairman:** Mr. Hartford?

**Mr. Hartford:** Well, most rates are based on what we call a cost per thousand. I know you people have heard many submissions but do you know what a cost per thousand is?

**The Chairman:** Yes.

**Mr. Hartford:** Well, most rates are based on a cost per thousand. We charge the highest rate in this country and we have a new rate card going in that is \$150.00 per announcement in the mornings. It is also the lowest cost per thousand in Canada. It is far from what the traffic will bear. At a dollar a thousand in the morning we should be getting over \$200.00, but a comparable station in the United States would probably be getting \$300.00 in New York for what we charge \$150.00 for. I mean, when you talk about rates you talk about your class Double A one minute because that is the rate and then it goes down from there. So, that is really not what the traffic will bear that we are charging. This is based on a cost per thousand. It has always been low.

**Senator McElman:** If you went up to \$200.00 do you think the market would bear it?

**Mr. Hartford:** Well, if they are truly buying a cost per thousand which is what an agency tells me at \$1.00 a thousand it is cheap.

**Mr. Cran:** We are somewhat inhibited, sir by moves in this city to limit price increases.

**Mr. Hartford:** And we have taken that into account, incidentally.

**Mr. McCurdy:** There is another factor in this cost per thousand, and that is that every station in Toronto obviously uses the same barometer. You ask if we put it up to \$200.00 would the market bear it; I would suggest that it might not because if I were Don's competitor I would come in and say: "You can buy my audience at a better cost per thousand. It isn't the same audience as CFRB but you get the same value because you get just as many people for every dollar you spend." So I could sell against him because his rate would then be too high because he prices himself in price per thousand, which is relevant to mine.

**Senator McElman:** Even though the advertising wouldn't reach the same people?

**Mr. McCurdy:** It would reach them for the same price per customer.



**The Chairman:** I wonder if I may just return to my question to Mr. Hartford with regards to the second-best AM station in Toronto.

**Mr. Cran:** We have at least two representatives here from other stations and this could be rather embarrassing.

**The Chairman:** Well, Mr. Hartford is a fairly courageous fellow. Which station do you think has the second-best programming in Toronto, or to be fair do you feel that that question, given the nature of broadcasting, is so flexible depending on what the listener wants that you can't answer?

**Mr. Hartford:** Well, Senator, I would say that if you are asking which is the best format station next to ours—probably CHUM. If you say which is the best station that plays good music, possibly CHFI and CKEY would run equal because as you know, it is a difficult definition. You are either talking about billings or audiences or what have you—just from a management standpoint I couldn't comment.

**The Chairman:** Well, that is a very interesting answer that you have given us because we had put that question to many newspaper publishers and they immediately named a newspaper. I think it is interesting that you have made this point. I wonder if I might just ask two additional questions and then we will take a break for a few minutes and then come back. Perhaps before we do take the break I could ask you a question about the CBC. Do you think there is a place for the CBC in Canada?

**Mr. Hartford:** Very definitely.

**The Chairman:** Do you feel that the CBC is presently fulfilling its mandate?

**Mr. Hartford:** Well, that is a bit of a difficult question as far as I am concerned but I do feel strongly that there should be a CBC. I believe that, because they are supported by the public purse, they can afford, to a better extent than we can, to program to minority audiences and I believe someone in this country should do it. We have to try and get an audience so that we can sell it in the best way we can and run the most efficient operation that we can and make a profit. We do program what one might call minority type programs. We are fortunate in the fact that they attract a large audience. The CBC, doesn't have to totally rely on revenue—that

is advertising revenue. I believe this is partly their role and there is very much a place for it.

**The Chairman:** The question we have asked other witnesses and I think it is an appropriate question to put to you is this. If you take a specific CBC program on radio—and the example we have chosen several times is "The World at Eight". The reason we have chosen that is because it has had independent opinions and opinions expressed by witnesses to the effect that that is a pretty good news cast. You have a pretty good news cast on your station at 8 o'clock, but opposite you on the CBC is an equally good news cast. But the fact is of course that more people at 8 o'clock in the morning listen to CFRB than listen to all the CBC stations put together at 8 o'clock in the morning. Why is that?

**Mr. Hartford:** One of the advantages we have over the network stations is that they must be thinking about an audience that extends from Victoria to Newfoundland. Normally, a local station can always beat such a station because often a person that is in our own city is more interested in what happens at City Hall or whatever than they are in what happened in Victoria or St. John's, Newfoundland. The network of course, has to think about this in order to please everyone.

Now, most network stations will come in with some local news, but no network in my view can ever beat a local station that goes about its programming in a proper fashion and takes you around the world. It has to be a pretty earth shaking event in St. John's, Newfoundland before we will cover it and even perhaps in Montreal. You know, you have a great advantage over a network by being very local in your character and even taking a national story and relating it to a local situation.

**The Chairman:** Mr. Cran, would you like to comment on this?

**Mr. Cran:** It is not only because Jack Dennett has such a wonderful newscast but also because our programming beforehand, right from 5 o'clock in the morning, has such a loyal following of listeners; so they would sooner listen to Jack Dennett. The CBC—I don't listen to it, but they do have some differences.

**The Chairman:** Well, perhaps I will put the question to you, Mr. Potts, but the answer I would make to both Mr. Cran and Mr. Hart-



ford is that perhaps their answer explains their lead because they have such an overwhelming lead.

**Mr. Potts:** The same thing applies in the United States where the free enterprise system is rampant. The network stations are losing out to the local stations down there. The radio networks in the United States are not what they used to be in the days of Jack Benny and Fred Allen many years ago. They maintain these networks right across the country but they are now devoid of programming for at least 50 or 55 minutes out of each hour. They exist only to sell commercials around the newscasts which occur on the hour and these keep these radio networks viable and alive. They have to then, as Mr. Hartford has said, write news of general interest across the United States. In markets across the country, there has been a tremendous proliferation of stations and the local stations lead with "The mayor has been shot on the City Hall steps", or something like that and that is of importance to the people in Cincinnati. They do of course include news of national and international interest which they get from various other services. So the non-network stations in the United States can beat the pants off the NBC's, the CBS's, and ABC's and Mutual and so forth. I predict that these networks are going to fold as they are today and they will become in essence voice news services providing the ingredients to local stations and they will be doing virtually what we in Canada are doing to help a local station get news reports from outside.

**The Chairman:** May I just ask you a supplementary question. I think many people who are interested in the news and living in Toronto, at night watch either the CBC or CTV national news on television on either Channel 9 or Channel 6 but that one gets more national, international and local news by listening to CFRB's radio news program at 11 o'clock at night. How can you explain that, Mr. Potts?

**Mr. Potts:** Well, I am glad you said that because I sometimes find myself—I have a television set in my room apart from the radio and if I am stretched out and taking things easy, I'm just too darn lazy to get up and turn the radio on. But I agree with you that if anybody wants to see at 11 o'clock what took place, let's say it took place 12 hours earlier, they would just have to watch the 11 o'clock news at night. But if they want

to know what is going on in this world at the present time and be updated, they would tune in the radio newscast at 11 o'clock.

**The Chairman:** But in this case it is not just local news?

**Mr. Hartford:** I believe, but I can't be absolutely sure, that CFRB—and I was so pleased to find it when I came there—is the only station in Canada that really takes the 11 o'clock news seriously. It is the biggest thing that television has, you know—everybody understands and watches the 11 o'clock news on television. But apparently at some stage, and I think some of the people who have preceded me should comment on this—CFRB decided that they just wouldn't accept this. They went to work on "The World Tonight" and produced a half-hour news against television which has a fantastic and substantial audience. Jack, you were there, probably through all of this.

**Mr. Jack Dawson:** Yes. I also think that there is something of history in the time of 11 o'clock at night. Again, the CBC's national news—it is a logical hour for a late wrap-up, but CFRB over many years—going back to John Collinwood Reade during the last days of the war I honestly believe put countless thousands of Canadians peacefully to bed fully assured that there was going to be a tomorrow. However, I would like, Senator, to give my impression of the difference between these AM newscasts on CBL and CFRB.

**The Chairman:** Well, may I ask you a supplementary question before you do.

**Mr. Dawson:** Yes.

**The Chairman:** This ties right in to what you have been saying. Mr. Hartford has said that he thinks that there is a place for the CBC in the broadcasting system. Other witnesses have said that and certainly I believe it myself. I don't think you have to be hostile towards private broadcasting to think that there is a place for the CBC and yet if we took over "The World Tonight" which we have been talking about on your station and we transferred it holus bolus completely and put it on CBL at 11 o'clock every night Nobody would miss it. Why?

**Mr. Dawson:** I don't think, Senator Davey that you could put it on CBL. I think again it goes back to the 8 a.m. on the two station and I think the word "personality" really has to enter into this thing. I think that the CBC

unfortunately—and this is one of the controversies which rage internally but any newscaster has to read what the writer writes for him. Consequently, I believe he becomes almost a sterile individual reading exactly those words that he has been told he has to read. He has been told that he can't add a sentence to it, nor a word. Whereas with Dennett, he is permitted a great deal of license here and it is some of the personality of the man being injected into his newscast. The corporation I believe, are against the star system.

**Mr. Sydney Margles:** I think, Senator Davey, this applies to any market against the CBC if we are talking specifically about news. With station CJAD, news is just part of the total information picture. And if you are taking the tune-in time, let us assume that it is roughly 20 minutes in the morning before an individual leaves his home, in the ten minutes before the news cast he has probably had sports, editorial, traffic reports, weather conditions, which he may not be getting on the CBC station, which I know for sure he is not getting in Montreal. And is receiving a different type of programming. So in the morning, as Mr. Hartford referred to earlier, where music used to dominate, it still does on the CBC; it is old-fashioned radio.

**The Chairman:** Well, Mr. Margles, my answer to that would be simply this. I happen to be a radio listener and I listen to all of the radio stations in Toronto on quite a regular basis and I think CBL does give us that information.

**Mr. Margles:** They don't in Montreal.

**The Chairman:** Well, I am also aware of that, but in Toronto I think they do.

**Mr. Margles:** It may be a matter of building an audience which takes promotion, time and effort.

**Mr. Potis:** Senator Davey raised an interesting point. He said if you take the 11 o'clock news off CFRB and put it on CBL—would it work?

**Mr. Margles:** Well, the government tried that experiment some years ago. They took FRB completely off 860 and put it on 1010; and they took CJBK completely off 1010 and put it on 860; and it so ended up that the FRB had more audience on the move to 1010 than they had on 860. In other words, they beat a path to CFRB's door.

**The Chairman:** Well, I think what we might do now is take a break for a few minutes and then we will come back. We will have a 5 minute adjournment to give our reporter a break and we will reconvene at about 11 or 12 minutes after 4.00.

#### SHORT ADJOURNMENT.

**The Chairman:** Honourable Senators, if I may call this session back to order. I believe Mr. Fortier is going to begin the questioning.

**Mr. Fortier:** Mr. Cran, yours is a public company albeit owned or controlled by Argus Corporation. Do you feel as a broadcaster, as a head of a broadcasting concern, that in 1970, broadcasting companies should belong to the people as opposed to a select group of individuals?

**Mr. Cran:** Mr. Fortier, I feel that with the growth of broadcasting, the growth of the value of larger broadcasting operations in larger cities, that it is inevitable that they belong to the public by means of a stock issue and that sort of thing, I mean, have you any indication of the station that we bought back from J. A. Dupont—CJAD in 1961 in Montreal. He reached a state where he felt it was worrying him—the station would have been on the hook if he had died owning CJAD, with inheritance taxes and all these sort of things and so he had to go public. There must be hundreds of small stations in the country in which one can have a living working in it with a very small staff. But once you get into the bigger leagues, in the bigger cities, I think they have to go public.

**Mr. Fortier:** Well, when you answer in this way, do you attach any importance at all to the nature of the industry as the service industry as you referred to earlier, the public trust concept of the mass media? Does this weigh at all in your mind when you say, at least in the big cities that the broadcasting operation should belong to a broad base of people?

**Mr. Cran:** I was really giving you an answer based on what I would call economic facts of life.

**Mr. Fortier:** I understood that but I am putting it on another plane now.

**Mr. Cran:** I think it is preferable. We claim that there are some 500,000 people benefitting from one form or another. We are in a fortu-



nate position where we have one group of stockholders, namely the Argus one, so therefore you have somebody that you can talk to which is really the stockholders...

**Mr. Fortier:** Yes.

**Mr. Cran:** So, if you haven't got them you might be dealing with 10,000 people and nobody having any real control over the thing, so management would have to be entirely on its own.

**Mr. Fortier:** Well, in the first half of the question period this afternoon, you were asked about unpopular causes. I wanted to ask you a question at that time but I didn't really get a chance. Supposing that Mr. Leslie Roberts or Rod Blaker or Gordon Sinclair or anyone of your people comment on one or another of your radio stations against one of the interests belonging to the Argus Corporation, the 47 or 48 per cent shareholders whom you represent. Would you feel that this is something you should become interested in or Argus should become interested in?

**Mr. Cran:** Not at all.

**Mr. Fortier:** Has it ever happened in fact?

**Mr. Cran:** No, it has never happened.

**Mr. Fortier:** Has there ever been comment by one of your broadcasters on either CFRB or CJAD which affected...

**Mr. Cran:** Oh, definitely.

**Mr. Fortier:** The rest of the Argus Corporation?

**Mr. Harford:** Oh, yes. Most recently with a lead item about a plant controlled by Domtar polluting the sky which is a pretty unpopular cause in these days. We use it as a lead item.

**Mr. Fortier:** Domtar?

**Mr. Harford:** Yes.

**Mr. Fortier:** You don't edit it in any way?

**Mr. Harford:** Well, we haven't heard anything about it.

**Mr. McCurdy:** If I could go one further and say in our anti-pollution campaign, CJAD won an award and Mr. Beaudry, who happens to be a Director of Domtar didn't say two words except the fact that it was costing him money because we had won the award.

**Mr. Potts:** And at the same time this was happening, Bob Hesketh was on the air advocating people who polluted the water be taken to court and have it really "socked to them". Certainly freedom of expression.

**Mr. Fortier:** You have heard, I am certain, even if you have not followed day by day the deliberations of this committee, Mr. Cran, that in New Brunswick, the fact that KC Irving was at the head of a conglomerate and that this was reflected in the news coverage of some of his newspapers; more specifically in the absence of news coverage of certain stories.

**Mr. Cran:** Right.

**Mr. Fortier:** Would these considerations not apply also to broadcasting?

**Mr. Cran:** Well, they definitely applied to New Brunswick but not with us.

**Mr. Fortier:** They don't with you?

**Mr. Cran:** They don't.

**Mr. Fortier:** You don't see any disadvantage, Mr. Cran.

**Mr. Cran:** I have never been asked to suppress the news.

**Mr. Fortier:** Do you consider your operation a big city operation—in other words, a Toronto station or a Montreal station as opposed to a small station. Supposing, there was a radio station for sale in Cornwall. Would you be interested in purchasing a radio station in a relatively smaller city than Toronto or Montreal or are you only interested in the big markets?

**Mr. Cran:** It depends what is for sale really. As I said before, the radio stations in the bigger centres are usually much more profitable than the smaller areas and we are not ideally geared to handle the smaller operations. On the other hand, they can be quite a help if you use the term "farm stations" for bringing up announcers and talent which can then move to the larger cities. No, we wouldn't really rule it out.

**Mr. Fortier:** You say in your brief that you have been for some years in the market for a television station in Toronto.

**Mr. Cran:** Historically. I think it was probably before you were born!



**Mr. Fortier:** Thank you for the compliment! However, you don't speak of your purchasing other radio stations. Are you in the market for them as well?

**Mr. Cran:** We have just entered into a contract to purchase two stations in Hamilton, Ontario. That has been announced for about two weeks now.

**The Chairman:** And which two stations are they?

**Mr. Cran:** CHML and CKOS.

**Mr. Fortier:** What about cable?

**Mr. Cran:** I had experiences with cable in Montreal—starting rediffusion cable which I think was the best one in the country. All I can say at the present is that I am very glad I am not in cable today with the present regulations.

**Mr. Fortier:** Do you think the ever-increasing importance of cable will affect the radio station to-morrow?

**Mr. Cran:** No.

**Mr. Fortier:** In any way comparable to the effect which the advent of television had on radio in 1952?

**Mr. Cran:** No.

**Mr. Fortier:** You don't think that cable will harm radio stations as we know them today?

**Mr. Cran:** I don't think so.

**Mr. Margles:** Not in the foreseeable future.

**The Chairman:** Mr. Potts?

**Mr. Potts:** In the smaller market, if the cable operator is offering the only second oral service in a smaller market, yes, he could become quite a competitor to the radio stations providing there was wide distribution of the cable service, and bearing in mind that he has very small overhead and the broadcast operator has a tremendous investment in staff, programming news, and otherwise. If there was wide cable distribution, I believe even a very small area, it could pose a severe problem or threat to the broadcasters. That is just my philosophy—it may not be a corporate one, but it is mine.

**Mr. Hartford:** I really feel that radio stands suffer the least with all the new innovations that are taking place, cable television

and satellites and all—one of the best reasons being that nobody has figured out how to drive a car and watch TV.

**Mr. Cran:** And handle the cable!

**Mr. Fortier:** What technological changes do you foresee in the near future that would affect the radio stations as we know them? What is going to happen to-morrow? You speak in your brief for example, at Paragraph 176 and you say:

"We are in the process of experimenting with a different sort of approach to our listeners and we hope that our studies will be given some practical expression in the near future."

Where are we, the listening public, going, compliments of Standard Broadcasting?

**The Chairman:** Mr. Cran?

**Mr. Cran:** Well, may I ask Mr. Dawson to answer that question?

**The Chairman:** Yes. Mr. Dawson?

**Mr. Jack Dawson:** Would Mr. Waters leave the room please!

**The Chairman:** Mr. Hartford?

**Mr. Hartford:** Well, we do have some plans and we wondered about that question, Jack I am sure, can speak to us but...

**The Chairman:** Well, I am quite aware that there are competitors of yours in the room and if you would feel inhibited about answering the questions in front of competitors perhaps you could send us something in confidence in writing. Would you feel better about that, Mr. Dawson?

**Mr. Jack Dawson:** May I give an answer as far as I wish to go then if you wish any further elaboration I could make sure that you have it?

**The Chairman:** Fine.

**Mr. Dawson:** I believe that the right of reply is something that is inherent and I think that probably—and I am as much to blame as anyone—we are not giving as good a service as we might and we propose to remedy that.

**Mr. McCurdy:** Speaking in more general terms I think most broadcasters—I don't know about the other gentlemen in the room here—would agree that AM broadcasting

would appear to be heading toward a service industry if you like, a news, public affairs commentary and all types of services, with FM taking up more of a role in the music medium giving a cross-section of music from the underground to the classical. There are those who say that it will all be radio and every station will be fine once it finds its own niche in the market. But at this moment in time it would appear that AM will find more a service role and FM will be more a music medium.

**Mr. Fortier:** Mr. Chairman I wonder if we cannot accept the offer that was made to be further informed in writing of the plans of CFRB.

**The Chairman:** Yes, and I can assure the members of your team Mr. Cran, that the information which you send to the Committee will be kept in strict confidence.

**Senator McElman:** On that same line, Mr. Chairman, without trying to delve into any confidentiality of what you have when you say "right of reply" you have something in mind similar to what they have in legislation now in the United States—of "right of access" and "right of reply"?

**Mr. Dawson:** Well, in a broad general sense, yes.

**The Chairman:** I wonder if I might turn to some other matter. Section 155, Mr. Cran, of your brief you talk about the advantages of a multiple ownership and you say:

"Standard Broadcasting Corporation believes that the present degree of concentration of ownership in the Canadian media is almost totally the result of prevailing economic forces. It is likely that these forces will lead to even greater concentration of ownership in the future."

You say in the next paragraph:

"In theory excessive concentration is not socially desirable..."

**Mr. Cran:** We have various administrative boards, whether it was the BBG or the CBC Board and now the CRTC, they have never made any specific regulations regarding the number of stations which can be owned by one group.

**The Chairman:** Should there be specific regulations?

**Mr. Cran:** Well, in countries where there are, such as the United States and Australia,

they seem to work. What happened in the United States is that these groups—about half a dozen of them that have a maximum number of TV and AM and FM stations, spend their time trading up. They buy a more profitable one in a larger city and dispose of the smaller ones. That is what it amounts to.

**The Chairman:** Well, do you feel that some kind of guidelines are necessary.

**Mr. Cran:** I don't know. It is kind of a different kettle of fish, really, but certainly there is a considerable degree of uncertainty without any guidelines.

**The Chairman:** The question we put to many witnesses and I now put to you I put it to you as a broadcaster but also as a Canadian: how much concentration is too much? Is there a point reached at which concentration becomes acceptable?

**Mr. Cran:** I think there must be.

**The Chairman:** In other words, you don't think it would be in the public interest for Standard to own every radio station in Canada, for example?

**Mr. Cran:** No, I don't believe it would be in Standard's interest. It is a very debatable thing, Senator. These various government regulatory bodies have tried to grapple with this for a number of years and have not come up with an answer.

**The Chairman:** Well, I know a number of people have come before this Committee including government agencies, and said they might look to Parliament for some guidelines. I am wondering if you might agree what guidelines would be useful and if you have any views on what they should be?

**Mr. Cran:** I would think that some guidelines would be useful but I wouldn't presume to say that they should be.

**The Chairman:** I would like to take you to Paragraph 129 in your brief where you say:

"Standard Broadcasting Corporation Limited believes there should be no extension of foreign ownership of the electronic mass media. In our view, there is no reason a newspaper owner should not participate in radio, television or cable. We believe it invidious if the instruments of mass communication in one city are owned by one individual company."

Did you have any specific city or cities in mind when you wrote that sentence.

**Mr. Cran:** Oh, yes. I mean, there was a situation in Kingston and Peterborough where you had newspaper, TV and radio all in one hand, but then Roy Thomson decided that he should get out of radio and television because it was against public interest in the present element of thinking.

**The Chairman:** Are there any situations at the present time which alarm you?

**Mr. Cran:** No, I don't think so.

**The Chairman:** You had nothing specific in mind when you wrote that sentence?

**Mr. Cran:** Only the ones that I mentioned.

**The Chairman:** Only Kingston and Peterborough?

**Mr. Cran:** Yes.

**The Chairman:** Did anybody else have anything else in mind when that sentence appeared in the brief.

**Mr. Hartford:** Well, I think if it should happen through purchase or anything else if you find yourself in any one market where all media is controlled by one person—it probably isn't a very good idea.

**Mr. Cran:** I should include, in spite of Mr. Murray Brown that London, Ontario is another situation.

**The Chairman:** Well, this Committee has asked a great deal about London and I think should be frank to say that I was wondering whether or not you had London in mind?

**Mr. Cran:** Yes, that was another one.

**The Chairman:** The fact that I asked question won't be a great shocker to Mr. Brown, I'm sure.

**Mr. Potts:** It depends whether or not there are other radio stations, or television stations in that town. As long as there is another voice or two for reply, this is important. I believe Mr. Cran referred to Kingston and Peterborough, but there are other stations in those areas where another point of view can be expressed.

**Mr. Hartford:** You also said in terms that would cause you great concern, but I don't think there is anything in those terms.

**The Chairman:** Fine. The CRTC has recently indicated that they are considering a regulation which would not allow common ownership of newspapers or any electronic medium. Do you think such a regulation—you obviously do not feel that such a regulation is necessary in Canada, is that right?

**Mr. Cran:** Well, you take a situation in Toronto where there is a common ownership between the *Telegram* and CFTO, I think that puts the *Toronto Star* at a potential disadvantage. However, you could cure that by having the *Star*...

**The Chairman:** Well, that was my next question.

**Mr. Cran:** Well, do two wrongs make a right, or what?

**The Chairman:** Well, you tell me. That was my next question. In the Toronto situation would you prefer to see the *Toronto Star* have a television station or would you prefer to see the *Telegram* not have a television station?

**Mr. Cran:** I would prefer the *Telegram* not have a television station because you have these problems of overseas correspondents and all kinds of things.

**The Chairman:** And presumably back to your point, Mr. Hartford, you would then feel in London, for example, that there is sufficient competition for CFPL?

**Mr. Hartford:** Yes. If there was no other station there I think it would be morally wrong but there is competition there and in really every other market that I am aware of.

**Mr. Potts:** I might add, Senator, that I have had experience in London and I think in one election, with a staff of 20 some, we were well ahead in election results beating the combined resources of the television station, the newspaper and the radio stations, but sometimes you can make up in initiative what you lack in numbers.

**The Chairman:** Thank you, are there supplementary questions in this area? If not, then perhaps then I could move on to another area I would like to ask you about. I will put this question to Mr. Hartford. In the brief at Paragraph 122 you said:

"We voluntarily restrict the number of commercials which we will accept to a figure lower than that permitted by the regulations of the CRTC."



I recall from the early part of the brief that you make that reference also about the FM station in Toronto. Did the reference in Paragraph 122 apply to CFRB as well?

**Mr. Hartford:** Yes. We are allowed as you know 1500 commercials a week. We run a total of 1485 but in addition you talk about the numbers you run per day or even per hour or per grouping. The BBG at one time suggested there be some experimental program in Canada and the experimental programming would be with reduced number of commercials. As a matter of fact that never did become a regulation, but CFRB chose to experiment and there is a one hour program in the afternoon and two hours in the evening that is still run that way with limited commercials. This system receives a good audience. In FM we run 900 commercials a week and that is less than the allowable number.

**The Chairman:** On both AM and FM I assume you could sell out totally, could you not?

**Mr. Hartford:** One can never really completely sell out a radio station in my view.

**The Chairman:** To your allowable number of commercials?

**Mr. Hartford:** For a period of time; but there is always some time for sale on any radio station, I believe; it is either all night or some time but to be totally sold out and maintain it, I believe is rather difficult.

**The Chairman:** Well, I am putting that in contrast to your statement here where you say:

"We voluntarily restrict the number of commercials."

**Mr. Hartford:** Oh, we do.

**The Chairman:** You voluntarily turn down some of it?

**Mr. Hartford:** Sure.

**The Chairman:** I am relating this to Paragraph 122 and the question I am trying to drive at is this. Are you turning business away?

**Mr. Hartford:** We do on occasion.

**The Chairman:** Because of this?

**Mr. Hartford:** Yes, there are many weeks when we have to do that.

**The Chairman:** But when you could accommodate more advertising and still stay within the CRTC regulations?

**Mr. Hartford:** Yes.

**The Chairman:** And you turn it away?

**Mr. Hartford:** Yes.

**The Chairman:** What is your philosophy in turning it away?

**Mr. Hartford:** One good reason is that we just don't wish to violate that 1500 minutes a week.

**The Chairman:** But if you are running 1500 you are not violating it?

**Mr. Hartford:** No, but you have to watch very carefully if you run the maximum on a regular basis. You time them out and some fellow reads them slower than another; you know this from experience. One can read a live commercial and take one minute and ten or whatever, and if you are running a full 1500 you can quite easily violate that regulation.

**The Chairman:** When Mr. Bill McGregory was here and I believe he is now the new President-elect of the CAB, he said commercials attracted audiences and even went further and said that they were Canadian content. In a story in *Marketing*, he was interviewed; they said: "Did you say this" and he said "Yes" and he said: "I really jolted some of the Senators because I could tell the way they reacted" and that's right, he did.

**Senator McElman:** There is no question about that!

**The Chairman:** Do you agree with that contention by Mr. MacGregor?

**Mr. Hartford:** Well, I don't know that commercials are necessarily Canadian, but some commercials are very entertaining and do attract an audience. I think part of it has to do with the fact that our ear is geared to the commercial inserted in programs. We are used to it that if you don't get it you all of sudden become startled.

I can remember some years ago when some very senior head of state would pass away and, you know, you would have a whole day at one time with no commercials. It had everything else, they just took the commercials out—and you know, it was pretty dull radio.

**The Chairman:** Well, why then do you only run eight per hour on CKFM?

**Mr. Hartford:** Well, for one reason that was our commitment when the license was granted. I know we could go over that because there is a further maximum allowable but we just chose to stick to that because that was our commitment. We just don't chose to argue the point.

**The Chairman:** But why if it makes for better radio, why not have more commercials?

**Mr. Hartford:** I didn't say that more commercials necessarily make for better radio but then again I believe FM is a different situation from AM.

**The Chairman:** Mr. Tietolman, who I am sure you know—was here this morning—I am not sure if it was Mr. Tietolman or Mr. Thomson but one of them said an FM station is an AM station operator's conscience. Would you agree with that?

**Mr. Hartford:** No.

**The Chairman:** Which one of them said that this morning?

**Senator McElman:** Mr. Tietolman.

**Mr. Hartford:** I think an FM frequency is another frequency like an AM frequency and I think you try to attract an audience on either one. It is another broadcast station but you just get it by a different means of transmission.

**The Chairman:** What is the purpose, Mr. Hartford of CFRX? Why does it exist?

**Mr. Hartford:** I think you would have to ask Mr. Cran.

**Mr. Cran:** It existed from away way back—I don't know how many years—in order to cover certain parts of Northern Canada and the Arctic. That was its prime purpose.

**The Chairman:** And what is its purpose today?

**Mr. Cran:** Well, we have continued it and we have a loyal audience in places like Goose Bay and Frobisher, places like that. They get news from Toronto and if the Toronto people are up there and they get this every day. We

just let it run. I can get this in Bermuda occasionally, which causes a certain amount of embarrassment!

**The Chairman:** You mean you can listen and then phone the station and complain!

**Mr. Cran:** Yes.

**The Chairman:** Speaking of Goose Bay—well not quite Goose Bay, I received a letter this morning from a gentlemen in Perth, Ontario which I am going to ask you to reply to for me. You might be interested in this and he says:

"Since there has been so much interest spoken of recent date regarding the news medium, particularly the television and radio, and since I've lived most of my life in Toronto and only recently took up residence here in Perth, I am more than surprised at the limited number of AM stations we can get, since there are 9 American stations to every one Canadian station on the dial.

For example, CFRB in Toronto is only 208 road miles from our door and a much shorter distance by way of the crow, reaches us every clearly at night between 6 p.m. and 6 a.m. and then as I understand it, they change their pattern and beam down to the States.

I would appreciate to be corrected if this is not so."

The question is, if I turn this letter over to you, would you reply to it for me?

**Mr. Hartford:** Certainly.

**The Chairman:** I wanted to ask also about Standard Broadcast News, who should I direct that question to, Mr. Cran?

**Mr. Cran:** I believe Mr. Potts.

**The Chairman:** We were interested yesterday when Western Broadcasting were here in their response to question I put to them. I suggested, Mr. Potts, that with the various means of communications in Canada, that it occurred to some of the members of the Committee and certainly to me, that the major markets were fairly well served by the various media but that in some of the smaller communities, some of the more hinter-land communities if you will, perhaps they were not as well served; and that as a Canadian, a person who lives in Perth is just as important as a person who lives in Toronto. I asked what could be done. Western said and I hope

I am quoting them correctly, that they are going to make available at cost Standard Broadcast News Service to all of the stations in the interior of British Columbia.

**Mr. Cran:** If I may interrupt.

**The Chairman:** Yes.

**Mr. Cran:** We have about 16 stations as we mentioned subscribing to Standard Broadcast News. The lines across Canada are very onerous as you know. What we have done is to say to each main station in the area—we have broken the country up into areas—saying you can sub-contract this supply to other smaller stations in your own area if you want to. In other words, we can't afford to sign Prince George or places like that, however, the local station can supply it if they want to.

**The Chairman:** But Western indicated they are doing precisely this in British Columbia.

**Mr. Cran:** Yes, they could.

**The Chairman:** Well, are you doing this in Ontario?

**Mr. Potts:** Well, we made it possible for Western, we made it possible for all of the stations. We have the key stations across the country and we were the first voice service of this type and we approached them a little while ago and said...

**The Chairman:** I would like to remind you that Mr. Waters and his group have equal time!

**Mr. Potts:** I'm afraid that by the time this is over, he will get on the phone and say "Beat these guys up"! Nevertheless, there has been a very strong desire, certainly on behalf of CFRB and Mr. Dawson down on the end, in finding some way to help the stations further in the small market.

Mr. Dawson, if I may speak for him, raised the point with me that we have done this with music, the Canadian Talent Library, so why can't we do this with news. We have been struggling with it and we figured, using the ingenuity that I referred to a little while ago, that the stations in certain geographic areas could harness this material in some-where and by hook or by crook or fence post or something like this, short-wave or some means, get this material out to stations out in areas at very low cost and we are exploring this. I had an interesting talk with the Minister of Transport the other night for the Province of Ontario and I pointed out the high

cost of lines in Ontario and the need for some form of virtually subsidized communication services, so that broadcasters at distance points, could have the same advantages as the broadcasters who live near the larger centres or live near Queen's Park and the likes—something similar to the advantages which were given the Canadian Press and other services years ago. They could send wires and stories and still can I believe, at cheaper rates than broadcasters can. The newspaper industry has been well subsidized but the broadcasters have not in this regards and I struck a very responsive cord. This comes within the province of that Minister and he was quite interested. We are formulating a policy in this regard right now and anything we can do to make these services available at virtually cost, or at cost, we will do.

**The Chairman:** Senator McElman?

**Senator McElman:** You have no subscriber stations in either Prince Edward Island or New Brunswick. Is there any particular reason?

**Mr. Potts:** We had one at one time, sir, in Saint John—CHSJ was a subscriber at one point. We talked about this on future systems in broadcasting and they saw certain things in front of them like supplying additional television services and the like and it was my understanding at the time that it was a problem of economics. This is a sort of an ad hoc kind of service. It is a rich service in a way, because as Mr. Cran said, the high cost of transmission is not something that every station really can afford. So we did approach other stations in New Brunswick but they figured that they were well served by Canadian Press Voice Service; and since there was no competition in the town—if there were two stations in town perhaps we would have a customer, but since they were the only stations, there was no need to perhaps take or something that was more expensive.

**The Chairman:** Mr. Fortier, do you have a supplementary?

**Mr. Fortier:** Yes, Mr. Chairman. Mr. Potts stations which you say in your brief subscription to SBN also serve as bureaux for their regions.

**Mr. Potts:** Yes.

**Mr. Fortier:** What is going to happen now with this new concept of, for example, Western sending a service to a small station in



British Columbia? Would those small stations also feed you?

**Mr. Potts:** Yes.

**Mr. Fortier:** Would they feed you through Western, or would they feed you direct?

**Mr. Potts:** We developed this broad band thing, we kept talking to the line companies saying "Is there any way we can develop service across the country so we could communicate one with the other. We have always had this difficulty" and they said "Something is coming, something is coming" so they came up with broad band. Our engineer, Mr. Eastwood is at the back of the room and he was in on the idea when we conceived it—that you could dial up a network. In other words, what you do is push three buttons and instantly you are connected to 16 stations and tape-recorders. You start it turning, you say what you have to say, you hang up and that is all you pay for; unlike the American systems in the States where they are paying the high cost of high quality lines 18 hours a day when they are using them for 5 minutes each hour. The rates keep going up and this is just insane.

**Mr. Fortier:** I mean—any subscribing member station will get all the news that it wants?

**Mr. Potts:** That's right, and it also has the right to reject; but then a station in Prince George would call into CKNW and CKNW will call us on broad band and say "Here is a hot one from Prince George". But the thing is this: if something happens in Vancouver right now it could be heard instantly within minutes all across Canada.

I might mention something and maybe Mr. Margles might speak to it. It was during the railroad strike; the railroad started to move together again and we found that our service was instrumental across the country in communicating the word from the head of the otherhood of railway unions or the heads of these various unions that it is "all right fellows go back to work." CN started to get reports in on the resumption of operations and finally they scrapped their own system and merely tuned in CJAD because the reports were coming in very fast from all across the country. The same has been true...

**Mr. Margles:** The Air Canada one has been most significant. With Air Canada's Head

Office being in Montreal, back to work orders were given by their union leaders, some here in Ottawa and some in Montreal, and some of these orders were heard on the stations. In the case of the field stations, where you actually hear the voice of the union leaders, the union members take it therefore as being instructions.

**The Chairman:** Mr. Fortier?

**Mr. Fortier:** On what basis do you the member stations pay a fee to SBN?

**Mr. Potts:** It is on the basis of their rate card. It is actually a rate that is worked out on the basis of their rate card. There is a certain amount that we say or so many minutes of transmission in a day plus a certain figure which I would work out based upon their rates, and we establish the rate.

**Mr. Fortier:** It is not on the basis of the news that they use?

**Mr. Potts:** No.

**Mr. Fortier:** It is a fee which is calculated and they can use it or not?

**Mr. Potts:** That is correct.

**Mr. Fortier:** As they see fit?

**Mr. Potts:** That's right, that is correct.

**Mr. Fortier:** Supposing one of your member stations put a story on the broad band, to use the term that was uttered before this Committee yesterday, and it was repeated over one or another of the member stations and it turned out to be false information. What would you do?

**Mr. Potts:** Well, first of all we receive it at the station and tape record it first. We have senior news personnel on duty in our news room in Toronto and they would very much weigh that story.

**Mr. Fortier:** What verification would go into a story from say Prince George?

**Mr. Potts:** Well Prince George is a problem because I am not too familiar with the operations there but certainly anything that comes out of CKNW, let us say, I would accept holus bolus.

**Mr. Fortier:** Well, let us not refer to any specific station, but would you please tell us what verification you make at SBN Headquarters?

**Mr. Potts:** We don't make any more verifications than a reporter from the *Star*. A *Star* reporter goes to a council meeting, sits here at this meeting and sends the story in on it. They don't phone you back and say did this man report this properly—if he did we will print it in the paper.

**Mr. Fortier:** We have heard it said there are such things as re-write...

**Mr. Potts:** Certainly.

**Mr. Fortier:** At the newspapers and in certain newspapers there are some people who doublecheck stories.

**Mr. Margles:** Mr. Fortier, I might point out that I don't think that the individual stations do any more verification than on items that come in on the Canadian Press or Broadcast News wire because we have a reputation for reliability.

**Mr. Fortier:** Well, that is what I wanted to get at.

**Mr. Margles:** Perhaps this is at the core of the whole thing. If we go on live in Montreal on nation wide broadcast, I think the stations know—when we alerted them that the chairman of the Montreal Executive Committee said he had a statement to make of national interest, that we were going live and it was provided to all stations on a live basis, with a countdown in order to alert them. CKCK Regina deemed fit, the only station I might point out of the owned and operated stations which carried it—the 15 minute statement in which Mr. Saulnier denounced the Company of Young Canadians. I would say that I believe we are dealing with mature personnel in every station which subscribes to the network. Therefore I can't see why we would have to back-check everything every time on the reliability of it. In all my experience I haven't heard one complaint of erroneous information being sent out. The Canadian Press, with all due respect, have sent out erroneous information and unlike broadcast transmissions, that perhaps might come in three or four hours later after having been used in three, four or five newscasts.

**Mr. Potts:** I might add that we have written into our contract—and the BBG questioned this for what they thought were other motives—we wrote into our contract that they must receive a directive from us before they put something on the air—that they would not use it and this allowed for an

erroneous story being sent at a given time to be included in a later newscast. The BBG at that time questioned it on the basis of censorship or something like that. It was not that at all and merely that there might be an erroneous story sent out, so we took that precaution in our contracts. But as Mr. Margles says, I can't recall running into this experience at all. We work with some pretty good people; we have meetings once a year with all of them; and we have very good people in to talk to them like Senator Davey and others.

**Mr. Fortier:** Have you any views, Mr. Cran, or anyone else through you, on the use of four-letter words on radio broadcasts?

**Mr. Cran:** Well, I don't think they would fit the image of our station.

**Mr. Fortier:** On the open line shows, for example, I do realize that you have some screening that takes place, but still the people come on live.

**Mr. McCurdy:** There is a delay.

**Mr. Fortier:** There is a delay?

**Mr. McCurdy:** Yes.

**Mr. Fortier:** Even on Encounter, for example?

**Mr. McCurdy:** Yes.

**Mr. Fortier:** On Sunday nights?

**Mr. McCurdy:** Yes, five seconds. This is adequate for the person on the control board to listen to the incoming calls and cut it if necessary but fortunately it has never happened.

**Mr. Potts:** There are very few four letter words which last longer than 5 seconds.

**The Chairman:** You have a section in here Paragraph 137, which I would like to ask you about—the threats to Canadian advertising agencies. I will just quote it in part:

"The degree to which our advertising industry borrows from foreign culture and attempts to persuade listeners or viewers to alter attitudes and habits unique to Canada should be of concern in the preservation of our own way of life. To the greatest possible extent, such agencies should be controlled by citizen of this country."

Would you care to comment on that, Mr. Hartford? Do you have anything specifically in mind on how this could be achieved?



**Mr. Hariford:** We feel that it would be desirable, but unfortunately it is almost too late. I can't be absolutely specific but of the major agencies I think there are probably no more than three of that total in Canadian hands. Some of them tell me—at least one, says “I keep getting offers from the United States, I try to hold out but what do you do when they wave money around”. The other thing is that I think some of them are considering going public, which of course gives them the opportunity for the Canadian public to participate in that particular business. I still believe it would be desirable if they were Canadian-owned.

**The Chairman:** Well, to quote you: “It is almost too late.” Do you think it is that way?

**Mr. Hariford:** Well, I don't know how you rehabilitate various agencies. Many of them are branches of large American, world-wide agencies in many countries and I don't know if there is a particular stigma in that except that to say that with all the things that the government is trying to do and the regulatory bodies, it would be one other way of making it easier to have more Canadian content, in that they would use more Canadian people to produce commercials, jingles, films and other items.

**The Chairman:** You mentioned at the end of that section those attitudes which distinguish Canadians from other inhabitants of the North American continent. What are some of those attitudes that you had in mind and I will put the question to anyone who would like to answer it?

**Mr. Potts:** I think we are a better class of people myself.

**Mr. Hariford:** Well, I wouldn't make that comment at all. I don't think being anti-American should be considered to be an “in” thing. I am not talking about Lyman here but I don't think that is a good thing for us to talk about. I think being a pro-Canadian...

**The Chairman:** What are the attitudes that distinguish us from Americans?

**Mr. Hariford:** Well, I think some of them are the fact that we appear to be almost ashamed of the various things that we should be proud of. We don't really wave the flag to the extent that we should and you know, we seem to make apologies in many areas for being Canadian. We get confused with Americans when we travel elsewhere in the world

and I find it a bit humiliating to find that I have to have American money. There is nothing wrong with it but we really don't have a very strong Canadian identity in the whole world scene, I believe. They have been much more successful at it I believe. You can get in a plane here on our own airline, Air Canada, and land in a foreign country and it would be a very good idea to have a Canadian flag there, for example. You will see this within American Airlines in other countries, but that is only one small example.

**Mr. Margles:** I think you will find that the melting pot philosophy in the United States has not occurred in Canada for one. People here are more strongly identified with their past and perhaps this is leading to some of the problems that exist today; but there is nothing wrong with it, it is a better way of life because each can contribute to the other in attitudes and outlooks and contribute to the culture. Perhaps that is the greatest difference, where a second generation United States citizen and a second generation Canadians are not at all alike.

**Mr. Hariford:** Another thing that crossed my mind is that I am sure if we were American broadcasters, before your counterpart in United States, we might view it slightly differently because the Senators are elected. Here, our process is that they are appointed—I think that is a great thing. I think Canadians are concerned about things like this. Our banking system—we learn in school that banks don't fold as rapidly as American banks were prone to in the depression times. Our police force and Crown Law enforcement comes from the Crown on down and not from elected vigilantes, if you will, up. There are a number of differences.

**Mr. Fortier:** Mr. Cran, which is the most important—I realize that you offer a package to your listeners, a sound as they say in the trade, and within that sound, which is the most important service which you seek to provide to your listeners? Is it education, entertainment or information?

**Mr. Cran:** Information and or news, which ever you would like to put the emphasize on.

**Mr. Fortier:** Information to you is the most important?

**Mr. Cran:** For AM.

**Mr. Hariford:** It is a combination of all these things. We have often been accused of



being a very square station but we are proud of the fact that we are so square because we have a larger audience than all but five or six American stations have. But we still do, on a station of our size, various things like looking for lost dogs and things of that nature. Announcements such as that are only of interest to people who have lost pets. We have a lot of good luck with that; it is perhaps a very small thing but we have found that things as small as that are important.

**Mr. Cran:** If I may interject, our philosophy is based on the fact that to be successful you have to have total involvement in the community you are serving. This is the one ingredient that leads to success. It doesn't matter about your power or the type of program or anything else—you must have total involvement. All of our personnel are involved in various local activities and it is this total involvement that produces the success.

**Mr. Fortier:** And in order to attain this total involvement you should strive for as total a listening audience as possible.

**Mr. Cran:** Yes.

**Mr. Fortier:** Hence my question. What do you do to get people to turn on radio—those people who do not listen to radio?

**The Chairman:** Perhaps before he enters that I have a question which is perhaps supplementary which I would like to put before yours. We would be interested in knowing the dimension of the audience who do not listen to radio in Toronto? Which one of your people here, Mr. Cran, is a rating expert?

**Mr. Jack Dawson:** At 6 o'clock in the morning there are only 6 out of every 100 people listening to all radio in the central Toronto area. At 8 o'clock I believe it reaches 32 per cent and those are figures from memory, Senator.

**The Chairman:** Well, let us from memory take it at 5.05 p.m. How many people of every 100 citizens in Toronto would be listening to all the radio stations put together?

**Mr. Dawson:** Probably 26.

**The Chairman:** Would be listening?

**Mr. Dawson:** Out of every 100 people.

**The Chairman:** That still means that 74 people out of 100 are not listening.

**Mr. Hartford:** That's right.

**The Chairman:** Well, that being the case I have two questions. One being a question which Mr. Fortier asked and that is what do you do to attract them and why are three-quarters of the people not listening to radio?

**Mr. Dawson:** That is at any given time, Mr. Chairman.

**The Chairman:** Yes, I appreciate that.

**Mr. Dawson:** At a given time in a metropolitan centre people are doing many different things.

**The Chairman:** What is your peak time?

**Mr. Dawson:** Well, between 7:30 and 8.

**The Chairman:** In the morning?

**Mr. Dawson:** Yes.

**The Chairman:** In Toronto what percentage would be listening at 8 o'clock in the morning to all stations?

**Mr. Dawson:** 32 per cent.

**The Chairman:** Well, that still leaves 68 per cent who are not listening.

**Mr. Dawson:** Yes, but one more point, that I think you must consider, is that there is also a circulation figure which says how many people are listening 1 or more times per week. Where you have a peak of some 32 per cent for all stations, we alone can show a circulation figure of 1,325,000 depending on the survey.

**The Chairman:** Well, one million three was mentioned here earlier today.

**Mr. Dawson:** Yes, and it has been up and down from there. CHUM and other stations which have a large circulation figure so that person can be listening to a station but not every day and you know, they are catching it sporadically.

**The Chairman:** Let us put the question in perspective. We are not, I hope you realize being critical of private radio because we are talking of radio in total but there is an enormous audience which listens to radio and on a cost per thousand basis you are competitive with every other medium, or more than competitive; you perhaps cost less money. However, at the same point, it must concern you as a broadcaster that there is an enormous

group of people that don't listen to radio. So why don't they listen and what are you doing to make them listen?

**Mr. Hariford:** Well, I think others should speak to this as well.

**The Chairman:** Alright.

**Mr. Hariford:** This concerns us a lot and we have talked about it a lot in such organizations as the Radio Sales Bureau. They have asked us what we should do and we have said that all broadcasters should get busy on that. For any one station—you can try and we certainly have tried, but for any one station to do it, you go out and you are working away, talking to a small group of people. You may as well not use your own facilities to talk to the same people you already have, so you have to get billboards and newspapers and various other things to do it. It becomes a problem for all broadcasters to cope with. It really is an astounding figure and one which gets very discouraging if you look at it one way and yet it is a very expensive cost per thousand. We don't have a fast answer as to how you correct it.

**Mr. Potts:** I think, Senator, that people are occupied in various pastimes. The people in this room are obviously not listening to the radio and there are many of thousands that are riding the subway and out of reach of a radio completely. There are those in hospitals and just leaving offices and the like. You will never get total listening at any one time.

However, I think statistics will show that in the course of a day, nearly everybody listens to the radio. I think pretty well it is 100 per cent in one way or another. Some people listen all the time, and I have seen surveys where some people just listen to news on the hour and then turn it off. People write "Sorry, we didn't listen this week because we were away on vacation" and it just breaks your heart but it is one of your stations that they might listen to you know, and that ballot might get counted for several thousand people in a projection.

I have addressed myself to this. I once did a survey in a town and the surrounding area—I believe it was served by two stations—and a woman said that she liked to listen to the radio but the radio in her town was not good enough for her to waste her batteries on and so she didn't listen at all.

**Mr. Margles:** If I might add one point. Can you show me any newspaper that claims 100 per cent readership in the area that it circulates to.

**The Chairman:** Well, I am not arguing for newspapers against radio.

**Mr. Margles:** But the exact same situation applies. An individual in Montreal may subscribe to the *Gazette* as I did, and yet I didn't read it today because I didn't have time to read it this morning. The same applies to any other individual subscriber so this could be erroneous in that sense. It might get to 100,000 homes and yet it may not be read by even 100,000 people, of say 6,000 people in those homes.

**The Chairman:** Would anyone else like to comment on this general area?

**Mr. Dawson:** I think we all know that it is physically impossible to reach all of the people all of the time. I think that if we could, I'm sure we would have a good deal more close to 100 per cent of the available audience without radio on. But it is an amazing thing, when you have letters from listeners requesting such a thing as a simple tune of some kind, if somebody doesn't like it—boom—the radio has gone off. The answer I suppose is to try and perform a better service.

**Mr. Cran:** There are hundreds of thousands of people in the Toronto area that I know and who have talked to me that only listen to the radio in their cars and as such don't appear on the survey.

**The Chairman:** My question as I said earlier wasn't meant to be critical.

I would like to say to the witnesses and the Senators that it is now 5.20; perhaps we could adjourn by 5.30 or a few minutes before.

Is there anyone who has any other questions—I have only one. I have a question about the CRTC in regards to a couple of quotations which appeared in the Toronto papers yesterday which would be of interest to you and I am wondering if you could comment on them.

Patrick Scott writing in the *Star* said yesterday and I am quoting him...

"Except that the relationship never was sanctified, let alone natural, it could truthfully be said today that the honeymoon between Canada's broadcasters and their regulators is over."



Was there ever a "honeymoon" between Canada's broadcasters and the regulators that you were aware of, Mr. Hartford?

**Mr. Hartford:** Well, I would say that there was a time when there was a better rapport between the governing bodies and broadcasters, it goes back to the days, first of all, of the CBC and the BBG. I know that they used to come along and wrap our knuckles and we would accept that and then they would come and enjoy themselves with us. Perhaps it wasn't a good idea from a regulatory standpoint—I have no comment on that. The fact is that if there wasn't a "honeymoon", there was a closer relationship between the broadcasters and the government body than there appears to be at this time.

**The Chairman:** Well, you say in your brief that you say:

"Change enforced by regulation is the enemy of spontaneity and variety and the friend of dull-gray uniformity. Though motivated by the best intentions in the world, we hold the view that no agency of government should assume the impossible task of legislating public taste or the content of radio programs."

Am I to conclude from that that you would argue that the content of the radio program should be left totally to the broadcasters themselves?

**Mr. Hartford:** Again, my own view—and we did talk about this earlier, the point being made by the Senator that if some station wanted to put four hours of mandarin music...

**The Chairman:** Cantonese.

**Mr. Hartford:** Cantonese or whatever if he wants to do it—I feel he should be allowed to do it. If he feels that he can get an audience and sell it, I think he should be allowed to do it; because when you get into a program area, it is quite a different thing when you start to suggest certain changes in program format. At the same time, we did go through that fully realizing what the CRTC was intending to do, and you can't condemn the fact that they would like to have more Canadian music played.

**The Chairman:** The other column that I wanted to ask you about was one which appeared in the *Telegram* last night by Bob Blackburn who is a television critic for the *Telegram*. His column is headed "Who's going

to Bell the Cat?" The whole message is surely that some group of broadcasters are going to call the bluff of the CRTC and appeal what the CRTC is doing to the courts. So who will "bell the cat". Can you think of anyone who will "bell the cat"?

**Mr. Hartford:** Well, senator to use your expression "bell the cat" I don't think we could be associated with that, Senator.

**The Chairman:** Fine, I am delighted you couldn't be.

**Mr. Hartford:** When one has the authority to issue or cancel your license, I am sure that there is an inhibiting factor that newspapers and some other media don't have to contend with and this probably effects the thinking of some stations. I don't fully believe—I asked another station operator in the intermission—that many broadcasters, unless they are not running a very good station, really go to bed at night worried about the fact that they are going to lose their station tomorrow or lose their license. We certainly don't—it has to be an inhibiting factor however. I believe that we should have a regulatory body as well.

**The Chairman:** Well, Mr. Blackburn said—if I could quote the end of the column—he says:

"So, it would seem, anyone who thinks the CRTC is exceeding its mandate and misinterpreting the existing broadcasting legislation should, as a matter of a public duty, challenge it in the courts. Perhaps that would lead to a clarification the CRTC would welcome."

**Mr. Hartford:** Well, one station has suggested doing that now—one station here in Ottawa.

**The Chairman:** Well, there are going to court, yes. That is CKPM.

**Mr. Hartford:** The CAB is considering such things but I don't know of individual operators. If they feel that the regulations reach the point that they become difficult to live with they can refer the matter to the courts. They have discussed this quite openly—it is no secret, but I don't think there has been any decision made on this.

**Mr. Fortier:** Mr. Potts, SBN has this arrangement with NBC which also works in reverse. Have you any indication to what extent American stations use Canadian news?



**Mr. Potts:** I would think generally very little. I think we have made some inroads, definitely, over the past few years, but bear in mind that anything that is said over one NBC station, goes over all of them. They have no ability to reject a story, as our stations have the ability to reject any story which is not considered good. Once it gets on the NBC network, it goes coast to coast and we are getting increased coverage from Canada in the United States. You see fewer and fewer people coming up here with snowshoes in the summer time now.

**Mr. Margles:** If I might add one point. It is rather unfortunate that the majority of people south of the border are extremely ignorant of Canada. We even found that within the NBC organization at the outset of our association. We have broken down walls but then, once again what is news? So far as the American networks are concerned, and this applies to them all, it has to something like a Montreal police strike where you would get seven or eight reports in a day from Montreal and then Montreal is on the map for a day.

**Mr. Fortier:** Have you any record for example, as to how many NBC associates on October the 7th, used your broadcast?

**Mr. Margles:** Well, I am not too sure of their obligations but I believe they would all have used the reports because we know when we get the transmission back. We don't have any binding arrangements to use their news casts. We acquire a service. But in the United States it is the sale of a newscast to a station and presumably every station on the NBC uses those reports.

**Mr. Potts:** On the coverage of the Canadian election, for example, we set it up with NBC ahead of time that we would feed them things so that the Canadians visiting or ex-Canadians living in the States could hear the result of the Canadian election. When Mr. Diefenbaker went to the United States on his first visit with Kennedy we phoned them to say "You are pronouncing it "Diefenbacher", instead of "Diefenbaker" and so we corrected that. We have a little trouble in this regard you know, getting our names known in the United States but they will take remedial action immediately to try to correct something which affects us.

**Mr. Margles:** From time to time, Mr. Fortier, as well, Canadian government news does get aired on NBC—Mr. Lawrence of our

Ottawa Bureau is here—I don't know how many reports they have done of late but I do know where it involved a controversy between Canada and the United States, of course, they become interested. The same thing applies when there is something of significance, for instance, during the 10th anniversary of the Seaway which was celebrated last year we saw a lot of coverage.

**Mr. Fortier:** Such important matters also as a date with the Prime Minister by a famous American citizen!

**Mr. Margles:** Yes.

**The Chairman:** Perhaps at this point I could terminate this discussion. Mr. Cran I would say to you and your colleagues, as has been mentioned here several times in the last few days, that I spent some few years in broadcasting and while I did, I could hardly lay claim to being a broadcaster. However, I was there long enough to realize, however, that in your industry, Standard Broadcasting, is certainly one of the "blue ribbon" operations. I would say that with no disrespect to your competitors or to other people in the industry who have been before us or who are yet to come before us—but I think in the discussion today you have maintained that high standard—with certainly no pun intended.

Your brief at Page 46, Paragraph 130 says:

"This spring, the industry is under inquiry by a Committee of the Senate and by the Department of Communications."

I don't take exception to the statement but I hope I can disagree. I don't believe the industry is under inquiry by a Committee of the Senate and I hope you don't. We are trying to take a broad look at the media spectrum and I suggest, as a former broadcaster, and having enough friends left in broadcasting to know, that you would have been infuriated if our study had presumed to analyse the overall media spectrum in Canada without a reference to broadcasting.

For our part we feel that our reference to broadcasting would not be totally in focus if we did not have you come before this Committee, so on behalf of the Committee thank you all.

May I say to the Senators that we are meeting this evening at 8 o'clock in this room.

Thank you very much. The meeting is adjourned.

Upon resuming at 8:00 o'clock p.m. on April 15, 1970.

**The Chairman:** Honourable Senators, ladies and gentlemen. If I might call the session to order. This evening we are receiving a brief from the La Fédération Professionnelle des Journalistes du Québec. The President of the organization, Mr. Gilles Gariépy, is sitting on my immediate right. I think I will ask you, sir, before you do anything else to introduce the other members of your group who are here and I think we would be interested in their executive position in your organization and also perhaps in their professional occupation, that is their association with the media.

Unhappily for me at least, I have not seen the brief which you have prepared. I apologize that my French is not really adequate so I must work from a translation. I have a translation only of one document and I know you are presenting several, including a copy of the memoir to the Quebec Committee on Freedom of the Press.

I usually say to our witnesses that the Senators are familiar with the material presented but in this case although some may be I think most of us are not. I don't think it is an insurmountable handicap. What I would like you to do now, if you would, is perhaps make an opening statement of ten to fifteen minutes in which you are free to talk about the contents of your brief. If you would prefer to talk about other matters that would be acceptable as well. Then we would like to question you and the members of your delegation on the contents of your brief; we would like to question you on your oral comment and perhaps there may be additional matters as well that we would like to ask you about.

We are terribly grateful that you have come because yours is the kind of organization whose opinions the Committee values. We have had several similar Federations but we are particularly pleased that you have come. Thank you for coming. Why don't you just proceed?

[Translation]

**Mr. Gilles Gariépy, Président, la Fédération professionnelle des journalistes du Québec:** Thank you. I shall begin by introducing the members of the Executive I have with me. First we have Lysiane Gagnon, educational reporter for *La Presse*, who is Vice-President, Daily Newspapers of the Federation. In the middle, to my right, is Claude Piché of the

CBC program, *Présent*, our Vice-President, Broadcasting, and Mr. Murray Maltais, arts editor of *Le Droit* and Regional Director for the Ottawa area. With him is our full-time Secretary, Mr. Louis Falardeau; immediately to my right, and our legal adviser, Mr. Serge Ménard.

I was sorry to learn that the material you have before you this evening was not sent sufficiently early to the members of the Committee, and we apologize for this. It might be said in our defence that, firstly, we are right in the middle of organizing our annual convention, and secondly, the Quebec election campaign for a number of us took up much of our free time. Having said that, we are providing you this evening with a few pages that define the scope and the meaning of this brief. With your permission, Mr. Chairman, I shall read it—it is quite short.

La Fédération professionnelle des journalistes du Québec was founded in February, 1969 at a meeting attended by representatives of about twenty journalists' associations or unions in Quebec. The organizations affiliated to the Federation at that time had a combined membership of about 600 journalists.

The Federation is incorporated under Part III of the Quebec Companies Act. It is neither a union organization—though there are unions affiliated to it—nor a closed professional body designed to regulate the profession.

The Federation is essentially a tool for research and study and at the same time a representative body appointed by journalists' associations and unions to co-ordinate their efforts in areas of common professional interest.

The Federation is the practical successor to the old Canadian Union of French-language Journalists, although it differs from it in at least two respects: first, it is a Quebec body not a French Canadian one; secondly, its membership consists of organizations, not individuals.

The Federation was the product of an awareness in journalistic circles of their collective inability to confront changes that present new challenges for the profession as a whole. Among these changes we could cite the concentration of ownership in both the written and the spoken press; the entry of universities and colleges into the training of journalists and communication experts; the feeling that some legislation affecting the press should be reviewed; the growing sup



port for the idea of a press council; and developments in the information media generally.

Not let us consider the aim of this brief. We are aware that the terms of reference of this Special Senate Committee are broad, and we know that the Committee is interested in all problems affecting the press. We would have liked to be able to submit a very comprehensive brief covering all the issues that concern us in our work. Unfortunately, this was not possible at this particular time, because the Federation has not been in existence very long and has had to devote all its energies to consideration of a few specific problems.

With regard to concentration of ownership, we have already prepared a brief; it was presented to the National Assembly's Committee on press freedom in Quebec City last September, and we have appended a copy of it to the brief.

We decided to limit our remarks and recommendations before the Senate Committee to a single field—relations between journalists and the courts, or police authorities. This is a problem that has arisen with disturbing frequency and severity in Quebec in recent years, particularly during 1969. We have made representations to the Quebec Justice Department on this point, and we intend to renew these representations in the near future. However, we believe that the problem concerns more than just the application of the law, and that it casts doubt on the validity of some legislation—the relevant federal Acts, in particular. We are therefore submitting to you today a file containing the facts in support of our position, together with a number of specific recommendations.

In accordance with the rules and regulations of our organization, we have been authorized by the representatives of our member associations to speak on behalf of the Federation in making these recommendations. Here I should point out that since we are a federation of duly constituted bodies, we are quite severely restricted in the representations we can make to third parties. We can speak on behalf of Quebec journalists only on those matters concerning which we have received a clear mandate from our annual convention. Without such a mandate, we cannot make any declaration binding on the Federation until we have submitted a draft of it to the representatives of our association, and we must consult them before making it public. This is what we have done in this

case. We also did this for the brief we submitted to the National Assembly committee.

And so, Mr. Chairman, it is principally this specific legal problem that we should like to discuss with you this evening, and we have appended the brief on concentration of ownership in the press industry. We put it in the appendix not because the problem has lost its importance or its immediacy, but simply because our position on it has not varied in its essentials; it is a position we have already expressed. The new matter we have to discuss is, we feel, more important at this particular time—I refer to the legal problem surrounding our relations with the police and the courts. With your permission, Mr. Chairman, I shall ask my Vice-President, Lysiane Gagnon, to begin with a short summary of the source of our concern.

**Mrs. Lysiane Gagnon, Vice-President, La Fédération professionnelle des journalistes du Québec:** With regard to the facts you will find in the appendix to our brief, which are all related to dealings that Quebec journalists, particularly in Montreal, have had during the last two years with police or judicial authorities, always in connection with events or demonstrations of a political or quasi-political nature, or union disputes—with regard to all these, five kinds of problem have been distinguished.

Firstly, insofar as professional secrecy is concerned, it has not happened very often, but it can happen—and there was at least one fairly blatant case of it last year—that journalists are forced to reveal their privileged sources of information to the courts or to commissions of inquiry.

The second type of problem: sometimes, while in the very act of reporting, that is, of exercising their profession, journalists are subjected to police brutality, and this can on occasion go as far as detention without explanation. This has happened—specific cases of this kind of police intervention are reported in our appendix. We have selected only those cases in which the police were well aware that the people involved were journalists, photographers or cameramen. These were not accidents in the midst of a scuffle, but deliberate intervention by the police.

The third type of problem: sometimes, with or without a warrant, the police obtain news material belonging to journalists—tapes, films or photographs—in order to use it for their own investigations or to gather evidence for



the Crown in trials that are often held at a later date. And it is then that the problem becomes rather more serious. This is unpublished or undistributed material, such as photographs that have been taken but not published, or tapes that have been edited, or edited films. The police then seize the parts that have been cut—in other words, the unpublished news material.

The fourth type of problem: in order that such material may be identified in court, so that it can be admitted as Crown evidence, journalists—especially cameramen, photographers and radio or television reporters—are sometimes forced to appear in court as witnesses for the prosecution.

The fifth problem is related—the abuses, also noted in the appendix, that surround the accrediting of journalists. These journalists are called in to cover certain demonstrations or important political conventions. First, the police reserve the right to seize a reporter's identity card without giving any reason. Again, it sometimes happens that police officers are duly identified as journalists. There was a case of this fairly recently at Harrison Hot Springs, where R.C.M.P. officers were identified as journalists at the request of the hotel concerned.

I have merely given you a very brief description of the five types of problem we have tackled and sought to analyse. Individual cases are given in the appendix to our brief.

**Mr. Gariépy:** If I might interrupt briefly before handing over to our legal adviser—the growing number of such incidents has caused concern among journalists in Quebec, especially in Montreal. More or less concealed at first, this concern is becoming more and more apparent since, as a result of being summoned into court to testify for the prosecution against demonstrators, strikers and informants to whom they have promised absolute secrecy, journalists are in the process—it has already begun, unfortunately—of losing their credibility with the public, something they have and must retain in order to carry out their work. For example, if a picket line is set up, it is normal for reporters from the print and broadcast media to be in attendance in order to inform the public of what is going on. Of course, if we are seen as journalists, as assistants—voluntary or not—then it does not greatly matter; but if we are regarded as assisting the courts or the police, if people learn that the photographs that are taken are

used to identify demonstrators, when anything that is told us in confidence or otherwise can be revealed on the pain of being found in contempt of court, it is clear that the growing frequency of such cases tends to compromise journalists' reputation for independence and objectivity. Last September, for example, we submitted a declaration by the Executive to the Quebec Minister of Justice, Mr. Rémi Paul, asking him to do all in his power to bring such practices to an end—particularly the use of journalists' testimony, which is often useless anyway, in trials where the police should really be doing their work themselves. With regard to the seizure of news material, it is even more serious, as Lysiane Gagnon has said, when the material in question has not even been released. Following this public declaration, we were received by the Quebec Justice Minister last October, and we described the various aspects of the problem to him. He agreed with us that there really was a problem and that we should investigate it thoroughly. Mr. Paul asked us to prepare a file on the facts pertaining to our remarks, and he also suggested that since the legislation in question was not solely under provincial jurisdiction but was in most cases under federal jurisdiction, we should make representations both in Quebec City and in Ottawa. As you know present circumstances make it impossible for us to meet the Minister of Justice or other Quebec politicians, and we are therefore postponing the representations we had initiated to the Quebec Government. However, in the light of this Committee's hearings here, we believe that the problem that concerns journalists most, and exemplifies best the curious non-recognition that society extends to them is indeed the problem that has just been explained to you.

Consequently, after a great many meetings of our Executive and with representatives of our associations, we are today submitting a few recommendations. Naturally we are not about to draft a bill—we are not legislators—but we nevertheless wish to inform you of what we feel are the objectives to be reached in order to preserve effective freedom of the press.

In that connection, I should like to ask Mr. Serge Ménard to explain briefly the Executive recommendations.

**Mr. Serge Ménard, Legal Adviser, la Fédération professionnelle des journalistes du Québec:** You will note that the first suggestion

tion in our brief is that public bodies be made aware of the problems of the press. We believe that Canadian jurisprudence offers evidence that the rights for which we seek legislative recognition have long been recognized in practice by the various public bodies. But after all, it is the growing incidence of non-recognition of these rights in Quebec in recent years that leads us to believe that the best protection for these rights—which the Canadian public, through its journalists, has always enjoyed—would be statutory recognition. We did think of suggesting specific laws to you, and we thought there were three kinds of suggestion we could make on this point: a law governing the press and containing provisions to protect journalistic secrecy and limit the right of seizure of news material; or amendments to the existing laws, either the Criminal Code or the Evidence Act. We could have come before you with specific texts, but we thought it much more important on this occasion to present the principles that guide us and avoid discussions of solutions that might be less than perfect, so as to leave to the legislators the job of enacting laws to recognize the principles we wished to outline today.

In essence, we feel that the choice confronting the Canadian public is as follows: the systematic use of journalists to supply Crown evidence will inevitably lead, in my opinion, to journalists' being identified with the police structure. Obviously, one could always say in reply that it would be ridiculous to have a situation where everyone had been made aware of certain misdeeds through the journalists, but proving them before the courts was not possible because journalists had the right to refuse to testify as to their sources. We feel this is a false objection because if journalists are now able to obtain information that enforcement agencies cannot obtain, the reason is that they enjoy a certain confidence that such agencies do not. If, as time goes by, they become identified with enforcement agencies, they will lose that position of trust. Ultimately, we will have crimes that people do not know about instead of crimes of which they are aware. We feel that the present situation in which crimes are known but cannot be punished is preferable in the long run to having crimes of which people are not aware, and which could not therefore be punished either.

The three provisions we suggest are that the journalist's right to professional secrecy be recognized in the law of Canada. I do not

think there is any such recognition in legislation, though I think professional secrecy is recognized in jurisprudence. I think the only secrecy recognized in legislation is with regard to certain offences between husband and wife. New legislation would obviously be required, but this is something that has been recognized in jurisprudence for lawyers, at least, in a way that leaves no room for dispute, and in a way that is a little more disputable, or rather disputed, for confessors. This would be new legislation, then, and it could either be part of an Act covering all the problems of the press, forming a section devoted to this particular problem, or be tacked on to those sections of the Evidence Act that concern witnesses.

There could also be a section covering search warrants, either in an Act covering the press or added to the Criminal Code sections respecting searches. I would draw your attention to the fact that the Criminal Code has always distinguished between objects that are used in the commission of a criminal act and those that are used in evidence. This distinction is already established in the Criminal Code—for example, if it is not stated in their warrant, police officers cannot seize objects to be used as evidence of a crime. It is obvious, at present, that journalistic material falls into the latter category, concerning which the law already requires a more complex procedure. We believe that in the case of journalistic material, the procedure should be even more complex. We have thought of a number of procedures, once again, but we do not wish to discuss solutions here—we wish rather to discuss the objectives and principles that lead us to propose such solutions. However, there would obviously be some difficulties to begin with in defining "journalistic material", especially with respect to its origin. We believe that this is probably the direction in which a solution should be sought, since I believe there is legislation providing for the registration of newspapers that could be made available to the magistrates who have the power to issue warrants.

We have suggested measures with respect to journalistic material, and here again, I think there are two sides to the problem. The police can use journalistic material out of laziness, since it is easier to use journalists paid by press enterprises, who will be covering events in any case, than to send one's own spies. I feel that in such a case, it is certainly preferable that the police pay their own informants, and that journalists be completely



free to do their work. After all, that is not a journalist's job. I feel that the problem arises only where journalists obtain information that police officers cannot obtain, and it is here, I think, that we meet the first problem of professional secrecy that we referred to earlier, and it is the same principle and the same choice confronting society. We feel that in the final analysis it is a choice that does not arise; it may do so in the short term, but in the long term, it does not, because we are eventually going to have a society that will not be able to combat more crimes than before, and will also be uninformed of them. I am now ready for your questions, particularly regarding the solutions that have occurred to us.

**Mr. Gariépy:** To conclude, gentlemen, you undoubtedly will have noticed that our recommendations concern only the problem we referred to, the legal problem that journalists have to deal with. We are naturally open to any questions you wish to ask regarding the Federation's function, its constitution, its membership and the work it has accomplished in its first year. We are also open to questions on the substance of the brief we submitted to the Quebec National Assembly Committee, or on our participation in the press council proposal on which I believe you have already heard the views of Quebec press employers' associations. Nevertheless, with you, we would like to have the most candid explanation possible of the specific problem we have raised.

[Text]

**The Chairman:** You would like our discussion to centre primarily on the matters you have dealt with tonight but you will accept questions on other matters as well. I think that is fair. Mr. Fortier.

[Translation]

**Mr. Fortier:** Thank you, Mr. Chairman. As Mr. Ménard was saying a few minutes ago—this forum is definitely better suited to a discussion of objectives and principles than to a legal debate—I am grateful that no formal text has been submitted. I shall direct my questions to Mr. Gariépy as President, but you may, if you wish, ask one of your colleagues to answer.

I shall take up your invitation and begin by considering your brief, "Journalists and the Administration of Justice". Again, as Mr. Ménard said a few minutes ago, I think the substance of your recommendations may be

summed up as follows: journalists should enjoy special status before the courts—is that correct?

**Mr. Gariépy:** That is an essential part of what we are asking, yes.

**Mr. Ménard:** We feel that there has long been such a special status before the courts—perhaps not before the courts, but at least in the minds of public bodies with the power to summon journalists before the courts.

**Mr. Fortier:** As you say in your brief, it is only recently that events have occurred, particularly in Quebec, that have led you to make the representations that you have summarized for us today, is that not so? How do you explain the fact that until a few months—or perhaps years—ago, the problem had never arisen, at least in your experience and that of your colleagues?

**Mr. Gariépy:** There certainly is an explanation; I shall attempt to give it, and my colleagues will add their comments. Firstly, the social climate was not the same. It is obvious that the problems we have raised are real. They arise more often during a mass demonstration than during a peaceful indoor meeting of an association, or a conference, where everything is always very quiet. When the social climate is more peaceful, and there is no alarm among the police or among those responsible for the administration of justice, there is certainly an effort to grant more respect to the gentlemen's agreement with the press; in other words, there will not be frequent visits to newspaper offices for photographs taken by press photographers, complete negatives and so on. The police will try to do their own work. If problems arise at the scene of a demonstration or a strike, and people are committing offences, well, if the police arrest people they should normally find their own sources of evidence. Obviously, the social climate has changed on the labour, educational and political fronts, and in a number of other areas we have seen rather more troubled situations in recent years, and in response to these, we have seen growing use—by the police in their investigations and those responsible for the administration of justice who summon people to court—of materials belonging to journalists, their work, their testimony and their confidential information.



**Mr. Claude Piché, Vice-Président, La Fédération Professionnelle des Journalistes du Québec:** With your permission, perhaps we can draw a parallel with the situation in the United States, and consider the social aspects of public demonstrations. A few weeks ago in the United States, we heard the national Vice-President of the NBC news network and the publisher of the *New York Times* complaining that the police were seizing both published and unpublished material. In that sense, I believe there is a parallel to be drawn between what they were talking about in the United States and the situation in Quebec, and one of the causes, obviously, is the use of public demonstration techniques.

**Mr. Fortier:** About two or three weeks ago we had before us the national editor of the *Washington Post*, a journalist from the United States, who spoke to us on this topic. His personal opinion was that the journalistic privilege of professional secrecy should not be sanctioned by law. This would make the journalist indebted to the State for the privilege which the State has conferred upon him.

The journalist voiced the opinion that he would prefer that the individual, the journalist decides for himself, in each particular case, whether or not to run the risk of being sentenced for contempt of court; or, in the case of the owner of the newspaper being subpoenaed, let him decide whether or not to reply to the police officer's polite or impolite invitation and, if he fails to do so, likewise run the risk of being sentenced for contempt of court. Do you have any comments to make on the matter?

**Mr. Gariépy:** This is an opinion which does not surprise me at all because about two years ago in journalistic circles in Quebec, it was quite widely held and expounded in writing, over television, in panel discussions and so forth. There is a tendency to react when isolated cases spring up, when it becomes a system, and when protest seems to be of little use. People are beginning to feel that basing an important aspect of freedom of the press on the heroism of individuals on occasion, is not a satisfactory solution. We believe that the matter of the professional secret, or the journalist's privilege to conceal either his information sources or the confidential portion of a given piece of information, the source of which may be known, is one problem, but not necessarily the most frequent one. Among the most frequent problems which crop up there is, for example, the use

made of the evidence given by the journalists. To take an example—there are many quoted in the appendix—a politician before 2,000 persons in a public hall makes statements which later are considered to be seditious; if, during the same meeting, there are 20 police officers in uniform in the hall and some half-dozen plain-clothes men, do you feel it conceivable that in order to bring evidence against the accused it is necessary to summon journalists before the Court?

**Mr. Fortier:** This is a specific case presently being debated.

**Mr. Gariépy:** However, when these problems do not arise, there is a tendency to believe that protection or special privilege is not necessary. When they do crop up, one wonders, even after a campaign to arouse public feeling, whether the danger is still there. Taking into account the importance of freedom of the press, recognized, I believe, by the Canadian Bill of Rights, we see no objection in principle to the adoption of very definite provisions for preventing the credibility or freedom of movement of the journalists being compromised by any use which the courts may make of their evidence.

**Mr. Ménard:** There is perhaps one answer which one could add to the opinion of the Washington journalist. I have the impression that it is not so much a journalist's opinion, but rather an opinion of penal philosophy, if I may put it in these words.

**Mr. Fortier:** Believe me, he criticized the attitude of the police officers without reservation.

**Mr. Ménard:** To recognize that professional secrecy for journalists is a desirable thing and not to legally sanction it and, as a result, leave it up to people—I feel that the state prisons should not be places where people must display their heroism; they must show it elsewhere than in the state prisons. How should we feel about a society which states: "We agree that secrecy is important and that there are some people who must recognize this fact and defend it, but we hope that such persons will have the courage to defend it even in the face of possible imprisonment." There seems to me to be a contradiction there.

**Mr. Fortier:** I follow your reasoning and shall not engage in polemics on this particular point, but I should like to return to one of Mr. Gariépy's comments. Obviously, I am some-

thing of the devil's advocate—this is my role here. If we create this privilege to meet a very definite, very particular situation which is just now developing, do you not feel that the solution may become more drastic than the problem itself?

**Mr. Gariépy:** Discussing in abstracts like that, one could believe that yes, it may, or, it may not. I feel that in practice, when we attempt to determine what the requested type of protection or legal recognition may mean, I do not feel that it will lead to abuses. If you will allow me to cite one example: journalists themselves state, or have often stated, when speaking of protecting the professional secret, that if one is authorized not to disclose one's sources of information, there will be terrible abuses. Any sort of news would be invented. An unscrupulous journalist would concoct any piece of news and once brought before the courts could simply state: "Ah, professional secret."

It is felt—and Mr. Ménard can clarify this point—that such a problem does not arise. For example, it is felt that if a journalist writes something clearly defamatory and, when prosecuted, hides behind his professional secret, he will simply be sentenced. He will not have proven the truth of his information, and will not have proven it to the satisfaction of the Court.

We therefore feel that it is sufficient protection. It will be noted that even in a situation perhaps less volatile than the one we have now in Quebec but one which is found throughout the continent if not the world in a quieter period, such problems arise less often, but do, nevertheless arise, and each time there is a lack of legal arguments and definite knowledge. It is our opinion that what is said in confidence to a journalist by anyone whatsoever presupposes that the person identified as a journalist has expressly agreed not to divulge the identity of his informant and to keep his information confidential. If such a promise of confidence has been given, we feel it normal, whatever disadvantages it may cause in gathering evidence against the accused. We believe, as our lawyer has explained, that over the long term it is a better way for society to protect itself and remain informed.

Let us overlook the protests, if you will, to take an example which could occur during any peaceful period. Let us suppose that in a given City Council, a civil servant continually points to flagrant cases of corruption among

certain politicians. Through a sense of civic duty, the official puts a journalist on the track, informs him of certain incidents of corruption or the squandering of public funds. The civil servant risks his job, of course, but does not consider that he will be compromised in the trial. Now if the journalist can promise that no-one will know his identity, that the journalist will examine his photostat copies and so forth and denounce a situation publicly in the newspaper, then the official concerned will likely give him his information. If the journalist cannot guarantee this, and, as frequently happens, the journalists are forced by the courts to break their promises and disclose the names of their informants, it is obvious that this type of information given by informants, will disappear.

We feel that in a democratic society, the citizen's right to information is an important principle of justice and a social duty of primary importance. I feel that the dilemma suggested by our legal advisor as a long-term possibility is the only way of looking at the matter.

**Mr. Fortier:** On the other hand, you will agree with me that the example you give is precisely one in which an abuse may occur, that is, the government employee who wishes to attack a councillor, an alderman or a mayor. He may suggest an item of news to a journalist who does not take the trouble to verify it, and the news is published. Obviously, some people could be wronged very seriously.

**Mr. Gariépy:** If some persons are wronged, they can sue the newspaper and journalist for libel.

**Mr. Fortier:** Yes, of course.

**Mr. Gariépy:** Then, if it is not true, what evidence can the journalist give to defend himself?

**Mr. Fortier:** I shall reply to your question. The journalist is called upon to give evidence and states: "Someone gave me the information, but I refuse to divulge his name." Could this not be the case?

**Mr. Gariépy:** Yes.

**Mr. Fortier:** Then, what happens at this point?

**Mr. Menard:** Well, we believe that such a situation will not crop up as one must understand the limit of what we are asking. We are



also aware, in coming here, of the respective jurisdictions of the federal and provincial government.

We feel that the second problem you raise is a problem of civil law, a problem of private rights which comes under provincial jurisdiction. That it to say, the politician injured through some false accusation spread through a journalist, will seek action against him; he will have recourse to civil law.

**Mr. Fortier:** There will be penal recourse, as well?

**Mr. Ménard:** He will also have penal recourse for defamatory libel. We are not requesting protection up to that point—just to the point that the journalist is accused of libel. As we made very clear, we are obviously not requesting protection which may lead to the sentencing of an innocent person.

**Mr. Fortier:** Then, please answer my question. What happens at that point? Let us suppose that the mayor is accused unjustly, as he feels, and prosecutes the journalist in question for defamatory libel under the Criminal Code. I feel that we must limit ourselves to definite cases. This is what you suggested, anyway.

**Mr. Gariépy:** It is the journalist who loses, because he has no proof.

**Mr. Fortier:** Under the Criminal Code, the owner of the newspaper as well?

**Mr. Gariépy:** Yes, but publishing information within a newspaper is an integrated activity. In other words, to my knowledge it is fairly uncommon in a press company for the reporter to be able to publish anything at all, just like that, without the supervision of the management.

**Mr. Fortier:** You knew it and I knew it as well.

**Mr. Gariépy:** In any event, the fact remains that whether it is the organization or the editorial rooms which publish it, obviously the journalist signing the article and the company itself are both partly responsible. In such cases, we feel that the best protection against possible abuses lies precisely in the fact that the journalist has no evidence to present in support of his allegations or statements. Under civil and, possibly, criminal law, he will be sentenced for gratuitous and defamatory statements.

**Mr. Fortier:** But have we not made a complete circle? The journalist you would wish to protect will possibly be sentenced for defamatory libel because he will not divulge the source of his information?

**Mr. Ménard:** He will have published the news solely on the word of this source. We feel that in ordinary newspaper work, all that the journalist wishes to protect is the source, which will enable him to obtain the proof of what he publishes.

If the journalist lacks professional integrity and bases his article solely on what could be hearsay from a government official wishing to remain anonymous, and then publishes libel, he must bear the full force of the law. Do not forget that in a libel suit, if the journalist decides to exercise his privilege, the only evidence which will remain before the court will be the evidence that he published an item of news, apparently without foundation, injurious to a person, for which he is to be sentenced.

We feel that the journalist should undertake his own defence as he does normally in public, by producing the evidence he has obtained of the action for which he reproaches the politician in question and he may still protect his source, or the person who put him on the track.

**Mr. Fortier:** I would suggest that you have just introduced another related problem, essential to the suggestion you have just made, a problem you touched on, moreover, in the brief you presented to the National Assembly. The journalist should have a thorough professional training before the state confers this privilege upon him. Do you agree with me?

**Mr. Ménard:** We are also convinced that if the journalist does not have this advanced training, he is in danger of being sentenced. As we have seen, if a journalist is well grounded in his profession, it is most probable that if a scandal is divulged to him, before revealing it to the general public, he will seek to obtain independent proof which he may present to the public. At this point, what the journalist seeks to protect is the person who enabled him to obtain such independent evidence.

**Mr. Fortier:** And whose identity he cannot disclose?

**Mr. Ménard:** Exactly, because he has obtained the information under the seal of



secrecy. However, if the journalist does not have this training, he will lose his libel suit because he will be unable to present independent evidence of what he advanced.

**Mr. Fortier:** Mr. Ménard, I know that Mrs. Gagnon would like to speak, but I wish to add just one more comment. Do you believe that a law which would recognize professional secrecy—or rather, let me phrase it in another manner—which did not recognize professional secrecy, would force the journalist to delve further into the truth or falsity of a rumour? This is the question I am raising. Now, if he enjoys this immunity, he will say up to a certain point: “I can write what I want and no one can prosecute me.”

**Mr. Ménard:** On the contrary.

**The Chairman:** I think Madame Gagnon wanted to say something. I think also you want to say something, the three of you!

[Translation]

**Mrs. Lysiane Gagnon, Vice-President, The Professional Federation of Journalists of Quebec:** It is simply a parenthesis. Mr. Fortier, you spoke of the privilege granted to journalists and you also quoted the editor of the *Washington Post* as saying that the journalist was indebted to the state for this privilege. I feel that it must be regarded not as a privilege, but merely as a kind of instrument that a community can bestow upon itself in order to be sure of being better and more fully informed, since it obviously goes without saying that the journalist, as a citizen, has the same rights and duties as other citizens. It applies only to the exercise of his professional functions, and I imagine that any legislation in this field would call for a definition of what the exercise of a journalist's functions involves. In this case, the journalist is simply a communicator of information, a connecting device—and I do not think we should look upon this as a privilege granted to a class of people, or an individual, or a profession.

**Mr. Fortier:** You will agree with me that it is difficult to avoid the word “privilege” in this context?

**Mr. Gariépy:** Well, if you want to speak of a privilege, at least acknowledge that it is one granted not so much to the journalist as to his informant—the privilege of not being named, of remaining anonymous, because after all, if it were merely a question of pro-

tecting the peace of mind of a journalist who does not wish to be put to the trouble of a court appearance, then it would not be worth all the fuss that is being made.

Ultimately, it is for his ability to acquire information that the journalist seeks protection. This is in the public interest, and in the interest of those who inform him. So clearly, the case of the journalist who goes to court and is forced to reveal a name or identify the author of confidential information, though typical, is not necessarily the most frequent. There are other instances that bring out the same problem, but in a different way. For example, you are sent to cover some event, you take some pictures, and if you are working for the written press, you fill up notebooks and you write an article, after making the most honest judgment of what you have seen and, as happens fairly often, after comparing your impressions with those of your colleagues. Then you print a report, and if arrests have been made, you are summoned to court to identify this or that person, and confirm that you wrote such-and-such, and so on, and you are officially instructed to “bring your notebooks with you” and the like. The journalist's reaction, therefore, when this sort of thing becomes frequent, is not to take any more notes, and to destroy his negatives.

**Mr. Fortier:** They can be destroyed very quickly.

**Mr. Gariépy:** Yes indeed. So you see, when you reach that stage, you no longer dare to publish anything that might imply that “perhaps...”, and the result is incomplete news. This is a perfectly understandable tendency and if you co-operate fully, if you play along with the system: “Here, gentlemen, here are all our films, tapes and manuscripts”—and identify people—than you are “persona non grata” at the next demonstration, the demonstration is not reported, and the public does not know what is going on.

No facts are given in the file, because we do not wish to complain about physical danger. But I would, nevertheless, like to point out that during the last year, a large number of journalists have been injured—some of them seriously—while exercising their profession in Montreal.

**The Chairman:** Mr. Ménard?

**Mr. Ménard:** One thing we wanted to make quite clear is the limits of what we want. We are not asking for professional secrecy as

means whereby a journalist can defend himself against an accusation made against him. Ultimately, the person we seek to protect is not the journalist, but his informant, and we were very careful in our brief not to state that we wanted the right to professional secrecy as a privilege we could claim if accused of libel, or that we could claim in a civil matter of a libel suit—that is not what we are after at all. To put it simply, what journalists wish to claim is the right for which we feel they have always had “de facto” recognition, that of not revealing the source of information obtained in confidence. We also feel that in the past, the confidence placed in journalists has made it possible to expose many scandals, thus enabling the wheels of justice to turn and punish a number of crimes, or at least discover them.

**Mr. Fortier:** If professional secrecy is recognized, say, in a federal statute such as the Criminal Code, I think you will agree with me that even in the civil courts, it will be bound to be recognized too? We must be logical, must we not?

**Mr. Ménard:** To the extent that the civil courts apply the Evidence Act.

**Mr. Fortier:** Even where there is no question of applying federal legislation, I think, you either recognize secrecy or you do not. I think Mr. Gariépy agrees with me.

**Mr. Gariépy:** I agree. We intend to make specific approaches, at least to the Government of Quebec, with respect to matters under its jurisdiction.

[Text]

**The Chairman:** For some time now Senator Hays has wanted to ask a question. Senator Hays.

**Senator Hays:** I have heard a great deal tonight about “Mr. Source” and the information that you get from these people. Do you buy it or is there a warm friendship between the person, the source?

[Translation]

**Mr. Gariépy:** Speaking for myself, to the best of my personal knowledge, I have never bought information. It is possible that such things do happen. I don't think reporters do it, as they certainly do not have large enough personal budgets to enable them to buy information. You would have to look into the

practices of the press industry at the national level, something with which I am not familiar.

There may be some instances in which newspapers buy information of that kind. It is also possible for ties of friendship to bind a journalist to a civil servant or a person in a position to supply him with information in private. But from personal experience, I would say that I have used confidential information, and a number of my colleagues often do so as well. In most cases, money is not involved; nor is there any question of doing a journalist a favour in return for something—friendship or special treatment. The people involved generally have a genuine concern for the public interest.

I do not have a lifetime of experience as a reporter; I have been one for seven or eight years, and from what I have seen, this is the kind of motive most often encountered.

[Text]

**Senator Hays:** Do I understand that you get this information and then you publish it because if there is a secret between you and the source; nobody knows about it until you publish it and then having published it the police want to know where you got this information. Is that correct?

[Translation]

**Mr. Gariépy:** It can happen in that way, but the fact remains that we do not automatically publish everything that unknown callers tell us over the telephone. When serious information, accompanied by supporting documents or photocopies or precise evidence, is submitted to us in exchange for secrecy as to its source, and when the documents we receive, in addition to our own investigation, give us reason to believe that the facts of the case are absolutely authentic, then we can certainly publish it. I have never personally been summoned to court to explain the source of such documents—never. However, this has happened to others, and I therefore feel it might well happen to me, and if this were to continue, or even if it were to occur as often as it did last year, it would be only fair for me to warn people who give me information that I am prepared to say nothing, but that I cannot prevent the issuing of a search warrant, nor my being dragged before the courts and forced to reveal my source.

[Text]

**Senator Hays:** So you did not publish it? You did not publish this particular...



[Translation]

**Mr. Gariepy:** Yes, there have been cases in which I have written copy based on such information.

[Text]

**Senator Hays:** I cannot understand newspaper men keeping secrets. This is a new twist to me.

[Translation]

**Mr. Gariepy:** I may have misunderstood your question to begin with. Do you mean keeping information confidential, or keeping a source confidential?

[Text]

**Senator Hays:** I would like to hear an example.

[Translation]

**Mr. Piche:** You must have heard about the case of John Smith, who is freelance reporter for the English CBC network, and who interviewed someone who said he was connected with a terrorist movement in Quebec. The Fire Commissioner asked Mr. Smith to appear in court, but the latter refused to testify or reveal his source of information, i.e. the name of the man, even though the matter, or the interview, had not been aired over the CBC. For refusing to testify, John Smith was sentenced to seven days in prison by the Fire Commissioner, and all because he promised the man he would not reveal his name in order to get the interview. That was the condition for obtaining the interview—not to reveal his name.

[Text]

**Senator Hays:** In the meantime he might have killed 50 people or something.

**Mr. Ménard:** A case like this I think is a good illustration. I can use this case as an illustration of what I was saying before. What would you have if you didn't allow John Smith to have professional secrecy? You would know about the terrorist camp anyway so is it preferable to know but not to be able to do anything because the only witness is John Smith? Is it preferable not to know about it and not to be able to do anything about it?

I think that is the choice we have. I think it is preferable to have a situation where at least we know about it and we cannot do anything for the moment but I think if we do not preserve this secret of John Smith in a

case like that, in about six months John Smith will be unable to obtain other information like this and we won't be able to stop that person from killing fifty or more persons. Maybe we will be able to organize something.

**Senator Sparrow:** Should this privilege be extended to every citizen? Why just news men? Why not every citizen?

**Mr. Gariepy:** The reason is simply because in practice, there is a difference between someone who may accidentally be a witness to something and who has a duty to co-operate with the law, and a reporter who by virtue of his profession, frequently finds himself in this kind of situation.

I realize that in theory,—I know that the basic philosophy behind existing legislation is that, in the final analysis, the reporter is simply an extension of the right of the people to the freedom of speech, the freedom of witness, to learn the facts, and so on. However, this is not how it works in practice. In practice, it is the reporters who go to the scene of the demonstrations and who go to the press conferences where certain things are said. It is to the reporters that confidential documents are handed over, and information given, in exchange for the promise of secrecy. This is how it works in practice.

Thus, it does make a difference, and remember one thing: we are talking about a reporter on the job. That is to say, for example, that if I were to go into a bar after working hours and a murder was committed there, I would have the right to remain silent about what I had seen because I was a reporter. And if, on the other hand, I were assigned by a newspaper or a broadcasting company to cover certain activities or events which were open to the public, and which even the police had access to, as is often the case, I think that if the reporter's testimony were used—once just once every hundred years, that would not make any difference—but frequently, the people would get the impression that reporters were an extension of the law and order forces, and as a result, they would lose their credibility as observers.

It is worth noting, I think, that this reciprocal exchange is very significant with regard to private interviews. But remember—in an open demonstration or street brawl, both the police and the demonstrators—it is happened over and over again—leave the reporters to do their work of taking pictures, making observations, and so forth.



If we were to become identified with those who are going to appear in Court the following morning, with our photographs, notebooks and so on, we would cease to be independent observers and would become known, if you like, under the same name as those whose duty it is to keep law and order. The same thing would happen in all circumstances and this is important, not from any sympathy on our part for the demonstrators; we have nothing to protect on that account. The same goes for the police. If for example, the photographs taken by press photographers, the film shot by cameramen and the notes written by journalists were to be used in disciplinary action by the law enforcement in order to sentence agents who might have exaggerated, our reputation would be finished as far as those agents are concerned.

As I understand it, you were asking; "Why just the journalists and not the others?" In theory, reporters are citizens just like everyone else, and for several hours a day, that is what they are. However, in the course of their work, due to the frequency of situations or elements in which they may be implicated, they need to retain their independence, that is to have freedom of movement and the greatest amount of credibility possible, in order to be able to inform the public—which is a social function of primary importance in a democracy.

**The Chairman:** Do you want to comment on this, Mr. Piché?

**Mr. Piché:** It happens practically every day—it is part of a reporter's work—to ask for or gain the confidence of someone.

Let's take a concrete example which does not have any criminal implications: if I were to write an article on this Committee, I would come to you for background information on the work of the Committee, outside these open meetings, and ask you to speak in confidence. There are things that you could tell me off the record, that you could tell me by saying...

**The Chairman:** I can't imagine what.

**Mr. Piché:** It is part of the journalist's daily work to go out and get information by asking people to speak in confidence, and by promising that if they do not wish to be quoted, they won't be—and it could happen, by accident, that this would include criminal acts.

**Mr. Fortier:** That depends on how much you offer the Senators!

**Senator Sparrow:** If this in fact is a point where you can prevent further crime, as an example, or dig out crime as such and it is useful to assist, why then are you objecting to this privilege being extended to all citizens? Would you object to that?

**Mr. Gariépy:** I would have to see what form this would take in practice, and in what circumstances and under what conditions people who had given confidential information would be prepared to go to Court. But unless I am mistaken, the police usually have their own informants, individuals who are rarely brought to Court—and this practice is not according to the law, but it happens. The police, for example, in order to get certain information, sometimes make those persons talk who are implicated in the matter themselves, and they use this information, if not as evidence in Court, at least as an instrument in the police investigation. It is obvious that if these informants were required to appear in Court and identify themselves—for those who had betrayed their gangs, etc.—each time,—well, no one would want to be a police informant any more. Thus, in actuality, without legal protection—the comparison is very shaky, I admit, but it may already exist.

Now, you are asking if we would object to similar privileges being accorded to journalists if they were extended to all citizens. My answer: I would have to see what kind of a privilege could be offered in this manner, under what conditions and so forth. In theory we have no great objection. We do not wish to be distinguished from other citizens—not to that extent. What we are after is not something for ourselves, but rather something which will enable us to inform society about what is happening and how it is happening.

**Chairman:** Mr. Ménard?

**Mr. Ménard:** We are not asking that this privilege be extended to the entire population because we feel that the population would not be any better informed for it—that is, I think there would be no advantage in it for the public in general, while we are convinced that in the past, the fact that the reporter's right to obtain information in confidence was recognized in practice, by not summoning them to Court, enabled them to get information which otherwise would have been inaccessible. I do not think that extending this privilege to the general public will enable them to be more informed on things they do not already know.

**Senator Hays:** A lot of them are anonymous calls. People phone up and say: "There is a bomb on an airplane". Sometimes there is and sometimes there isn't. I appreciate your point but I think you labour it pretty hard. The source that you get information from, all newspapers—you can pick them up and they say "from a reliable source", and then they write a story on it. Probably they have received the information from a reliable source but they never disclose it.

**Mr. Ménard:** We don't want professional secrecy as a defence against a libel suit. If actually the newspaper is using this supposedly reliable source to discredit somebody that feels hurt in some way we are not asking the journalist can use his professional secrecy and say: "I got it from a reliable source". Any journalist who takes this position should bear the consequences. What we are trying to protect is an individual like John Smith who obtains some information that we feel is in the best interest of the public to know, and we think that if he obtained this information it is because he in practice enjoyed a right of secrecy.

**The Chairman:** I wonder if I could put a question to you, Mr. Gariépy. Perhaps I could preface the question by saying two things: Number one, the basic points that you have made here this evening, speaking only for myself and not for the Committee, I am basically in sympathy with this position. I have only one trouble, one thing which concerns me, and this may be a point which you have discussed and I have missed because of the translation. I hope not. This is an awful responsibility for a journalist. What kind of information would the journalist receive and act upon to prevent some dreadful event from happening? Is there any such instance in which that would be the case? There are all kinds of examples, I am sure. If you found out that some group or person was going to do some terrible thing which would involve the death of a number of women and children, for example, what does the journalist do to prevent that or does he do anything? That is the only thing that troubles me.

**Mr. Gariépy:** Then, if such a situation should happen—and it may very well happen and possibly did happen in the past...

[Text]

**The Chairman:** I apologize if you discussed this earlier. I don't think that you did.

[Translation]

**Mr. Gariépy:** No, I do not think that we did discuss it. Certainly, whatever the legal system, the case of conscience will remain and will be recognized in the law. Some persons now enjoy certain privileges before the courts. I am thinking, for example, of lawyers and confessors who may know terrible things but, by virtue of their oath of secrecy, are incapable of divulging such information to anyone.

Now, take the case of journalists. Someone mentioned earlier that a journalist could receive an anonymous call stating that a bomb would go off in an airplane. I do not see what professional secret would prevent us from warning the authorities. After all, the informer was anonymous, we made no promise to him and we do not even know his name. I believe that this type of thing is fairly frequent, that newspapers are informed that a bomb has been planted at a given place or that a certain child has been kidnapped, that a child has been released for ransom, that he is at a given place and so forth.

It is not my view that it should be established that a journalist or newspaper should never co-operate in any way towards justice or public protection. It is possible, once again, that whatever legal system is established around the activity of the journalist, whether the present system or the system we are seeking, cases of conscience certainly will remain.

You mention information which a journalist might possess and which, revealed in time to the authorities, could prevent massacres or tragedies. Obviously, we are not asking that the law prevent journalists from telephoning the police. That is not what we are saying. We believe that having agreed under certain very definite circumstances and in the context of his functions to keep certain matters confidential, the journalist should not be forced by the courts to divulge such information, and there is a difference between that and the case...

**Mr. Fortier:** A further question.

**Mr. Menard:** All the more so as in making public the information he has received, the journalist is automatically informing the authorities.

**Mr. Fortier:** There may be a question of delay. However, a further question. In your brief presented to the Parliamentary Committee of the National Assembly, you recommended the creation of a commission for free



dom of the press, and on page 18 of the brief, you mentioned some of the roles which such a commission could perform. To prevent certain abuses mentioned over the past hour, perhaps even the latter circumstance suggested by the chairman, would you agree, Mr. Gariépy, to the commission's being responsible for decreeing whether something is secret or not? Would you agree to that?

**Mr. Gariépy:** No, a body having all sorts of powers over the press is not the sort of commission we proposed to the National Assembly.

**Mr. Fortier:** Call it a press commission or an ombudsman, if you will, of the written or electronic press—would you agree to a person, insofar as possible an impartial person rather than the journalist himself, acting as a judge of whether or not the information communicated should remain secret?

**Mr. Cariepy:** First I should like to point out that in the spirit of what we recommend, the journalist would not be the final judge or, in any case, the only judge of the secret, that is, whether professional secrecy applies or not. Let us say that a journalist is summoned to court to explain the meaning of an article he has written. He is questioned by the Crown or the judge and at a certain point in the proceedings a legal provision is invoked...

**Mr. Fortier:** Then, this information was obtained against the formal promise not to reveal...

**Mr. Gariépy:** Exactly. First of all, the journalist's statement may be contradicted.

**Mr. Fortier:** Of course—by the informant.

**Mr. Gariépy:** And the judge may decide whether the provision—perhaps Mr. Ménard can fill us in on this—whether the provision of the law applies or not. Therefore...

**Mr. Fortier:** Let us suppose that it does apply just for the purposes of my question.

**Mr. Gariépy:** If it does apply, I do not see why a State board or commission would have to intervene in such an area which is strictly the responsibility of justice. We therefore feel—and I do not know whether we shall have the time this evening to make distinctions—that a commission should be created in Quebec which would be at least partly modelled on what exists at the federal level in the field of radio and television, the CRTC.

The commission would have provincial jurisdiction over ownership and would approve transfers of ownership between press firms, amalgamations of purchasing, printing or delivery firms and so forth. If such a commission did exist, it would have certain provincial powers over ownership. We do not feel that a commission whose functions would be very limited and restricted could, without becoming something quite different from what we are considering, interfere and state whether a journalist is entitled to claim professional secrecy or not.

**Mr. Fortier:** It would be an absolute professional secrecy once the bases had been established in a protective code; in your brief, you are asking for an absolute professional secrecy.

**Mr. Gariépy:** Which the journalist may invoke.

**Mr. Fortier:** Which the journalist may or must invoke?

**Mr. Menard:** Must. I feel that he must invoke it, but not as a means of defence.

**Mr. Fortier:** No, no.

**Mr. Menard:** When accused of libel.

**Mr. Fortier:** I understand very well.

**Mr. Menard:** However, in the theory which you advanced of allowing one person to judge whether or not the journalist must exercise the professional secrecy, you are supposing that there will be cases in which the professional secrecy of the journalist should not be protected. In other cases, you say that this should be protected. Therefore, it must be stipulated in the law what directives such a person must follow. In such cases, then, where the journalist may not invoke his professional secrecy, he will still find himself in the same dilemma which we raised earlier. That is to say, if individuals are aware of what categories of secrets are or are not recognized in law or in practice, people who may give information to journalists in confidence will not do so. For this category which you have eliminated we shall not only be unable to check it, we shall no longer know it.

**Mr. Fortier:** I attempted to stress the idea of public interest because, as you so aptly stated in your initial remarks, the public's right to information is more important than the administration of justice in such cases.



**Mr. Menard:** Yes, but administration in its repressive aspect.

**Mr. Fortier:** We can define these terms ad nauseam but it amounts to that.

**Mr. Menard:** Over the long term, that is. It is not an option we present because, over the long term, we do not have to choose between information and repression. Over the short term...

**Mr. Fortier:** The text of the law would choose it. The text of the law would have this effect.

**Mr. Menard:** But it would permit greater information. If the text of the law did not choose it, it would allow less information, but it would not allow greater repression.

**Mr. Fortier:** That is your suggestion, yes.

**Mr. Menard:** At least, this is how we look at the problem. And if you wish to create categories of secrecy...

**Mr. Fortier:** Agreed. I feel it has been well summarized.

[Text]

**The Chairman:** I am going to suggest that we perhaps might change the subject somewhat for a few minutes. I think the two lawyers may want to meet together privately later.

**Mr. Fortier:** If I had a choice I would not meet with the lawyer!

**The Chairman:** I won't ask you who you would meet with, Mr. Fortier!

In the fullness of time, Mr. Gariépy, I will have a translation of your submission to the Quebec Freedom of the Press Committee and I promise you I will study your submission. I wonder if for a few minutes I could ask you about some of your comments. I think the Committee would be interested. I don't think we require a long discussion. Can you summarize for us briefly what position the Federation took on the concentration of media in Quebec?

**Mr. Gariépy:** Certainly, in trying to do so both as briefly and as completely as possible, let us say, first of all, that the Federation is not opposed to concentration as being a necessarily bad phenomenon. On the contrary, we are prepared to recognize that to improve the quality of information, several forms of concentration are useful. However, we note

for the most part that as such concentration is presently occurring, and particularly as it could continue to occur in Quebec, it is not without danger. We see it as a danger in itself if you will. We feel that allowing a small group of men to own most of the daily newspapers, most of the weekly newspapers and at the time that we presented this brief, also all sorts of related enterprises such as radio and television stations, leads to a very dangerous situation.

We have not claimed, and we do not claim today, that the groups now in control of the press firms in Quebec are using them to slant information, to oppose some ideas or citizens, or to obtain information. We are simply stating that there is a potential danger. And, whatever the guarantee contained in collective agreements, whatever the integrity of the men working as journalists or managers when interference occurs, it is too late to prevent it.

In any case, we feel that it is unhealthy in a democratic society to allow too great a portion of the mass media to fall into the hands of a small group of men and from this standpoint, in summary, we raise a principle with regard to the term "freedom of the press" which is often used in very different ways. In the initial stages of the press, of course, freedom of the press applied more to the editor than to anyone else. The right to express or publish one's opinions or information is an extension of individual freedom. We feel that the idea of freedom of the press, of allowing anyone at all to found a newspaper, is no longer an acceptable concept today, or, in any case, certainly not in such a limited way. It is our opinion that if freedom of the press consists solely in the right of any individual to found a newspaper without requesting permission, to manage and sell it without being subjected to any form of control, it is a very impractical freedom reserved for a very restricted number of millionaires or firms.

We feel that as press companies grew in size and diminished in number, the journalists sent by such firms demanded another form of freedom of the press: the right to perform their work according to certain professional standards without the interference of the press company for commercial reasons, the right of announcers to be protected for political reasons and so forth. But fundamentally, we feel that freedom of the press today is above all the right of the public to honest, complete and high quality information. If we say that freedom of the press

means that Mr. Smith, who has many millions, has the right to have as many newspapers as he wants and fails to take into account the public's right to balanced information, I feel that we have a very limited concept of freedom. Now, having at great length propounded the idea of freedom of the press, we feel that in preventing the creation of a monopoly or a concentration which could prove very dangerous, the State has a role to play. And, having examined the various ways in which the State can perform this role—ways such as legislating against trusts or coalitions and so forth—although Canadian laws do not have the force or give the same latitude to the government as do the equivalent American laws, we feel that the State should be able to intervene more positively. In any case, this is the formula we suggest be studied. It can be achieved through a board or commission, "mutatis mutandis". It could be somewhat similar to the setup in radio and television. I am aware, of course, that historically the press and the journalists themselves have always resisted any State intervention like the plague. We ourselves, not just the directors of the Federation, have had to discuss this matter at great length. We were unable to even reach unanimity among our members with regard to recommending to the State the possibility of creating in the Province of Quebec a government agency or commission to approve transfers of ownership of the mass media and other matters just as important as the ownership of the press companies themselves, the ownership, for example, of delivery or distributing agencies, advertising agreements or pools. Through an agreement among several newspapers, a group of individuals may secure a monopoly of almost all of a given form of advertising and thus bring about the bankruptcy or disappearance of other firms.

We feel that this is a possible method, a democratic method which should be taken into consideration even if the media, the technique and the historical context of radio and television are opposed. We feel that what is accepted as a normal and democratic formula in the case of radio and television cannot be absolutely inadmissible in the case of the written press. Obviously, in such a situation, many precautions and restrictions would have to be introduced. As you pointed out, Mr. Fortier, we have not proposed the exact composition and all the possible powers of a commission for freedom of the press in Quebec. We mentioned to the Parliamentary Committee that in our opinion a reasonable and

democratic solution to the problem of the concentration of press companies could be found in just such a board rather than in recourse to the courts over the issue of a monopoly, coalition or trust. This is the major recommendation we made to the Parliamentary Committee.

**Mr. Fortier:** The committee has not published a report, has it? It became defunct which the dissolution of the Assembly.

**Mr. Gariépy:** Which is extremely deceiving.

**Mr. Fortier:** No comment.

**The Chairman:** The Committee never reported?

**Mr. Fortier:** No.

**The Chairman:** After the election will its work be resumed or started over, assuming the government is re-elected? What happens? Is that work for nothing?

**Mr. Gariépy:** I do not necessarily believe that it should have to begin its work again; however, it should be re-established.

**Mr. Fortier:** Possibly the members would no longer be the same.

**Mr. Gariépy:** In any event, we appeared before the Parliamentary Committee in Quebec on September 10, I believe, and there was to be another hearing after that. The hearing did not take place. Then there were to be closed sessions to enable members to digest the mass of information assembled, and I do not believe that this work was done.

**Mr. Fortier:** Your brief is very complete because you do not merely state your proposals, you also reply to the possible objections they could raise. I found it excellent. Do you believe it is possible, Mr. Gariépy, to undo what has been done in the field of the written press in Quebec? Do you believe that the monopolies which exist today could or should be dissolved?

**Mr. Gariépy:** I believe that we made no suggestion to this effect.

**Mr. Fortier:** No, I realize that you did not, but . . .

**Mr. Gariépy:** There were even some very specific situations which were unacceptable to us and which have been partly rectified since we submitted our brief. At the time we were aware that a group of men who already



owned *Dimanche-Matin*—one of the biggest Sunday papers—or who at least had a decisive influence in its publication and who also owned one of the biggest weekend papers, *La Patrie*, purchased the only major competitors of these publications. When *Dernière Heure*, the only competitor at the time, was purchased there was then an absolute monopoly in the French weekend newspapers. This group of men already owned *La Patrie*, and then purchased *Le Petit Journal* and *Photo-Journal*, also with wide circulations. Perhaps it is a misconception, but we feel, in the light of certain cases which have occurred in the United States, that such a transaction would never have succeeded in the United States by virtue of—I do not know the exact act—the Sherman Act or some other, and we feel that this is a serious abuse.

Since then, *Québec-Press* has entered the market of Sunday papers. As a result, we can no longer talk of monopolies among Sunday papers. There was also a particularly difficult situation in certain areas where radio, television and the newspaper were controlled by different branches of the same firm, by Télé-média under the jurisdiction of Power Corporation and by *Les Journaux Trans-Canada*. In any event, the same men in various capacities were involved in these branches, a regional situation which, I believe, would never have been accepted in the United States. Since then, however, I believe that Québec Télé-média has been sold—and the file has recently been submitted to the CRTC—to another group of men in whom Power Corporation or Mr. Desmarais and the owners of *Les Journaux Trans-Canada* will have no interest. The situation has therefore changed somewhat. What we are seeking is not a special law to invalidate the purchases or transactions which have been made.

I feel I am making no idle claim when I state that given the very meagre resources of some newspapers, concentration or chains could appear and that the proposal we make is a reasonable solution. However, we feel that there should be someone appointed to determine whether such transactions are advisable or not. At the present time, such transactions are undertaken at the owners' will and we know the result. The same situation exists for radio and television. The CRTC does not prevent the sale of stations nor the construction of networks. It does not systematically fight against concentration. However, proofs must be given that such is reasonable and in the public interest.

**Mr. Fortier:** In the case of the CRTC, you know, the electronic media are concerned with the airwaves which are in the public domain?

**Mr. Gariépy:** Yes, but it is a concept—that airwaves do not exist until someone puts current through an antenna.

**Mr. Fortier:** If you had to establish criteria for this board, this commission, whose creation you are suggesting—we will leave the electronic media aside for the moment, we are going to speak merely about the written press—at what point would you think that a barrier had to be raised, when it would be necessary to say “enough”?

**Mr. Gariépy:** Well, the exact point where the barrier should be placed may be difficult to establish. But let us take an extreme, if you like, and if such a commission were to be established, the Canadian news content, for example—to go back, despite your defence, to a comparison—or if it had to establish the editorial policy or the exact circulation, or the publishing tone, or the policy, and all that,—it would be dangerous and ill-advised, and people would certainly object to that.

**Mr. Fortier:** There are newspaper firms which are, as you know, very marginal, are there not? We hear certain owners parade before us telling us: “If I do not sell today, death duties being what they are, my estate, my wife, my children will have to sell in order to pay my estate tax; therefore, I am selling today.” How to avoid this problem when you have a Paul Desmarais who comes to you, and when that individual tells you: “I have a few cents”—as you pointed out in your brief. Then, he buys from you today, so that you can arrange your estate. How do you prevent it? Should this commission impose on a group of men in the area—let us say a city—and this was one of Mr. Ryan's suggestions, when he came before the Committee here, should a group of men be forced to get together and put forward enough money to make an offer so that the daily in question, or the weekly, will continue to be published by the local people, by the people in the area?

**Mr. Gariépy:** The CRTC's experience in this matter would be valuable since a similar situation could very well arise in the case of a person owning a broadcasting licence whether radio or television, when the heir wants to sell, and so on, and the CRTC decides that the buyer is not acceptable.



**Mr. Fortier:** I will have to tell you, as you undoubtedly know, that more and more, with the CRTC, some of the decisions seem to encourage the creation of extensive networks.

**Mr. Gariépy:** Yes, that is right. If ever there were a single network which was authorized in a given province, and if all the stations in the key regions were served solely by that same network, there would be cause to worry about the way in which the CRTC was exercising its functions.

**Mr. Fortier:** What do you think, for example, about the creation of Radio Mutuelle, by station CJMS, Mr. Raymond Crépault?

**Mr. Gariépy:** I will not give a definite opinion on Radio Mutuelle, with your permission, any more than on any other chain in particular.

What I can repeat is that I do not object to regroupings, as such; a network may be valuable. If, for example, because 6, 7, 8 or 9 radio stations, in various regions of the province, form a network, and if that enables the people not only to consolidate the financial bases and to reduce operating costs—if it is obvious, and if it has been established that that is going to improve information, for example, that the isolated radio station, in some city in Quebec, can make use of information gathered by the reporters of some other station, in some other region, in Montreal or in Quebec City—can profit more than in a single station, and that it can profit from a correspondent in Quebec—when the other smaller stations do not have the means to pay—and that depends really on cases—it cannot be said that all concentration, or every network is bad, or that every newspaper chain is bad, or good.

**Mr. Fortier:** In your opinion, they are all specific cases?

**Mr. Gariépy:** Yes, in a certain way, there are criteria to be respected, that are not formulated expressly, because people do not want to discuss trifles, but essentially, what is it? The quality of information, the viability or the profitability of the businesses must be assured; the volume of information must be assured; also the diversity of information must be assured, accessible in the regions. Too large a monopoly in the key sectors must be prevented or real competition will no longer have free play. Then starting with such principles, proposed amalgamations, or proposed networks, could be analysed, could

they not—if people object to making their point of view known. We think that this is a reasonable formula, so as not to block the way for the necessary evolution of newspaper firms, on one hand, and also so as not to leave it merely to the whim and wishes of the owners of information media, which are private property, but which nevertheless have a public interest function—and to decide finally what sort of information, what system of information to establish.

**Mr. Piche:** If I may, Mr. Fortier, we were speaking a while ago about attempting to set up a barrier which, we well know, is difficult to define. It is also possible for this commission, after an investigation, to determine certain procedures which may be characterized by a desire for the sound expansion of the firm, by a desire, let us say, to eliminate the competitor in order to be able to better corner the market—and that is the whole problem of criteria, which will certainly not be strict, which the commission will be able to take as a basis in order to be able to differentiate between the procedures. And we know that, in very specific cases, that such movement, such commercial operation, instead of striving for expansion which will contribute greater quality to information, has as its main aim the elimination of a competitor.

**Mr. Fortier:** Some of you work for firms which are owned, let us say, by Mr. Desmarais; I assume that some of you have worked for another owner, possibly. Mrs. Gagnon, is it very different?

**Mrs. Gagnon:** No. Are you speaking about possible control over information, for example?

**Mr. Fortier:** I am speaking about what is brought out in the brief that you submitted—what you want to protect, what your Federation wants to protect. Do you believe that it has been threatened, in your everyday professional life, since Mr. Desmarais became owner of *La Presse*?

**Mrs. Gagnon:** No. At present, I would not say that and I think that in our brief we intentionally refused to mention specific cases, and even to hunt, in specific cases where there could have been some, in certain firms, for attempts to control information. That is just what we explained, it is a situation which presents dangers.

**Mr. Fortier:** It is this presence?

**Mrs. Gagnon:** It is what can happen.

**Mr. Fortier:** It is very clear, in your brief—but I cannot resist the temptation of asking you the question, since you are here.

**Mrs. Gagnon:** Exactly; I was a journalist with *La Presse* under the reign of the Berthiaume family, and then, under the reign of Mr. Desmarais—or rather, Mr. Dansereau, and, in our daily work, I cannot say that there have been specific changes—aside from secondary changes.

**Mr. Fortier:** But you are practising your profession as journalist, in your opinion, in the same way as you did under the Berthiaume reign?

**Mrs. Gagnon:** Personally, yes.

**Mr. Fortier:** And is it your experience that your colleagues at *La Presse*, if they were here today, would give the same sort of answer?

**Mrs. Gagnon:** Mr. Gariépy also works at *La Presse*.

**Mr. Gariépy:** It depends from what point of view you look at it. Strictly from the angle of the work that has to be done, and of the scope involved in the professional tasks we have to do, and to present the work as it must be presented, I don't think that any fundamental change has come about. On the other hand, there can be other changes, in the union situation, for example, or in the editorial organization. In these areas there have certainly been changes, as the new owners of the company have announced their desire to modernize the administration, to innovate, and so on, and this has increasingly been translated into changes in the organizational program, in editing, in allocation of responsibility, and into the creation of new set-ups, which some people are happy with while others are not.

**Mr. Fortier:** Just one question, Mr. Chairman. On page 8 of your brief to the National Assembly in the last paragraph, when I reread it earlier this evening, I said to myself: I absolutely must ask about it. It reads like this:

"It may be sufficient to recall that in 1960 *La Presse* decided, for reasons no one has yet fathomed, to support the Union Nationale party in the provincial elections. Mr. Jean-Louis Gagnon was then 'out of town'. As time went on, this policy was made obvious to all by the amount

of space given to the two parties in the paper's columns. Journalists who covered Liberal meetings had their copy cut for 'technical reasons'. The choice of headlines, defensible on equally technical grounds, also revealed a definite measure of favoritism."

That was in the reign of Berthiaume. Today we are in the reign of Desmarais, and we also are undergoing an electoral campaign. Would you write the same thing, changing the name, perhaps, of one or the other of the parties, insofar as the present campaign is concerned?

**Mr. Gariépy:** Listen, it would be a glib way of avoiding your question to say that the campaign is not over, and that the answers to all these things will be given afterwards—that would be an elegant way of lying. In any case, I myself am a political reporter, and I am one of those who are covering the electoral campaign. One thing is certain: there is at least one situation which is identical to 1960—that is that there is no such thing as a letter of directives, you know, giving orders to the reporters to weight the news in favour of one party or against another. As to the place accorded to the two political parties by the headlines or the position of articles, *La Presse* itself has done a study which it published, I think, a few days ago.

**Mr. Fortier:** Last week.

**Mr. Gariépy:** Good, you have read it. As for the rest, it can happen that on certain mornings one wonders; that can happen. But let me remind you once again that in 1960 the overall picture finally emerged, not after one day, but almost at the very end of the campaign, and, at that time, the evidence could have been a bit clearer, and there are always, not just technical excuses, but technical situations which mean that everyone cannot have the front page headline at the same time. Then, there are choices made, and a choice is matter for discussion.

So, you yourself may look into, and indeed *La Presse* has done so itself—and you and your research assistants may look into the contents of the papers belonging to the chair under discussion, or of *La Presse* in particular, and form your opinion at the end of the campaign as to whether the choice of articles, their tone, their placing, the photographs, the cartoons and so on, allows any preference to appear.



**Mr. Fortier:** In your opinion, do you think that, up to the present time, the administration has attempted to allow expression of preference?

**Mr. Gariépy:** Up to the present time, I have not believed such a thing.

**Mr. Fortier:** Mrs. Gagnon?

**Mrs. Gagnon:** I don't think so. You know, in the matter of controls which may be exercised over the news in modern newspaper concerns, we should no longer be talking in terms of brutal censorship—that is, in a fairly well developed newspaper concern. Articles are not cut, or cut very little, except for considerations of space, for example. We must first ask ourselves how the concern is set up? What are the powers of the news editor or of the editor-in-chief? How is the difference between editorial and news defined? What people are hired and who are given the key posts? Finally, what atmosphere do the reporters work in? Some, for example, have developed slight reflexes of self-censorship, and there are many other questions which become really complex and which would require hours of discussion.

**Mr. Fortier:** However, you give an adequate summary, in your brief, of those you consider important.

**Mrs. Gagnon:** It is precisely in concerns like *la Presse*, for example, that we can no longer talk of developing crude censorship, with scissors snipping all over and all that.

**The Chairman:** Mr. Gariépy is aware that I was going to terminate the session and I am. He has said he would like to say a word or two about the press council. I think following that I will terminate the session but we would certainly welcome your comments on a press council.

**Mr. Gariépy:** This will be very short. We don't mean to describe to you in detail the terms of an agreement in principle which came about between the administrative office of the Federation and those of the three press employers' associations in Quebec in connection with a project for a press council for the province of Quebec. We agreed on the principles, and I think you have already received the employers' project, as it might be called, on the basis of which several sessions of negotiations have taken place, and which has now finally been changed in various respects. The reply, not only of the Federation, but

also the final reply of the employers' associations concerning this project for understanding will come, from both sides, when we have held our respective general assemblies. As far as we are concerned, our annual meeting is from the 8th to the 10th of May, and on other dates, for *Les Quotidiens du Québec*, and *Les Hebdomadaires du Canada*, and the French-language radio broadcasters.

The only comment I want to make, Mr. Chairman, is that, in our opinion, this press council may mean a certain number of useful solutions for some problems which it is not the State's duty, I think, to settle. I am thinking partly of the establishment of certain norms for professional ethics and the definition of duty. I am thinking of a certain form of supervision, also, over the activities of newspapers or journalists; I am thinking of the role of the ombudsman, so to speak, for the contents of the news. On the other hand, we do not believe that this press council can have—since it will have only moral powers, so to speak, because this is an organism which wouldn't have coercive powers.

**Mr. Fortier:** A court of honour?

**Mr. Gariépy:** Well, if you like, yes. We don't think that such a body frees the State from certain responsibilities, when a danger, for example, like that of pollution, becomes significant, because we don't believe that a press council made up in part precisely of the representatives of the employers and of the owners of the papers, and partly of journalists, and partly of the representatives of the people, stands to be an appropriate and sufficiently independent instrument, or sufficiently detached from this particular world to be able to protect the public interest adequately, in such a case as that, where millions are at stake.

I am speaking here only, then, in the name of the administrative office of the Federation; I do not speak for the whole of the Federation, since, as I have said, the meeting of our Federation has yet to decide. We ourselves at the office believe that it is an innovation which could be very useful in implementing solutions which have remained at the planning stage for years. This is perhaps not a decisive attitude but, on the other hand, we want to avoid having it pass for a kind of magic solution to all the problems of the news. When there are press councils in the ten provinces of Canada, we do not believe that all the problems of the news will be solved—far from it.



**Mr. Fortier:** The two could go together, in fact—or should go together.

**The Chairman:** I would say to the witnesses, to Mr. Gariépy and his colleagues, that Senator Smith did not overstate the case when he said we have had a long day. We were in this room at 10:00 o'clock this morning. We have been here all day and we are due back at 10:00 o'clock tomorrow morning and we will be here until 10:00 o'clock tomorrow night. Notwithstanding that fact this has been a very interesting session. We have heard things about journalists and the administration of justice but I must say I don't think in any of our sessions have we dealt with it at such considerable length and at such an interesting length.

As I said earlier, I speak for the full Committee when I say we are particularly pleased to have your other material on our public record. Certainly I speak for myself, and I think for my colleagues, when I say we will study it and that it will certainly be a valuable part of our record.

I might say also, as I say to other members of the working press, that we quite appreciate

that it is probably a personal imposition for each one of you to come here. We are mindful of it and particularly appreciative that you have found the time and taken the trouble to come. I might say that although our public hearings end on the 24th, that is a week from this coming Friday, it may be that we will seek out ways and means of talking in greater detail to members of the working press. All I can say in closing is thank you so much. In expressing my own and the Committee's appreciation to you personally, I am expressing it as well, I hope, to other members of the delegation and indeed to the members who sent you here. Thank you.

May I remind the Senators that the first session in the morning is at 10:00 a.m. with CHUM Limited. We have the Acadia Broadcasting Company, from Bridgewater, Nova Scotia, at 11:30 a.m. In the afternoon we have Bushnell Communications at 2:30, Monarch Broadcasting Company Limited at 4:30. Tomorrow evening at 8:00 o'clock we have the Institute of Canadian Advertising which is the association of advertising agencies.

The meeting is adjourned. Thank you.



Second Session—Twenty-eighth Parliament  
1969-70

**THE SENATE OF CANADA**  
**PROCEEDINGS**  
**OF THE**  
**SPECIAL SENATE COMMITTEE**  
**ON**  
**MASS MEDIA**

The Honourable KEITH DAVEY, *Chairman*

No. 39

THURSDAY, APRIL 16, 1970

**WITNESSES:**

**CHUM Limited:** Mr. Allan Waters, President and Director; Mr. Fred Sherratt, Vice-President (Programming and Operations) and Director; Mr. Larry Solway, Vice-President (Creative Development) and Director; Mr. John Manol, General Manager, CKPT, Peterborough; Mr. Terry Kielty, General Manager, CFRA-CFMO, Ottawa; Mr. Ralph Snelgrove, President, CKVR-TV, Barrie, and Director of *CHUM Limited*; Mr. Paul Akehurst, General Manager, Canadian Contemporary News System; Mr. Bill Ozard, Station CJCH, Halifax.

**Acadia Broadcasting Company Limited:** Mr. John Hirtle, Vice-President, *Acadia Broadcasting Company Limited* and General Manager, CKBW, Bridgewater, N.S.; Mr. James A. Macleod, Secretary-Treasurer, *Acadia Broadcasting Company Limited* and Station Manager, CKBW.

**Bushnell Communications Limited:** Mr. Stuart W. Griffiths, President and Managing Director; Mr. E. Bushnell, Chairman of the Board.

**Monarch Broadcasting Co. Ltd.:** Mr. Orv Kope, General Manager, CHAT Radio and CHAT-TV, Medicine Hat, Alberta.

**The Institute of Canadian Advertising:** Mr. Warren H. Wilkes, President of the Institute and President of *Tandy Advertising Limited*, Toronto; Mr. Maurice Brisebois, Director of the Institute and Executive Vice-President of *Vickers & Benson Ltd.*, Montreal; Mr. A. M. Shoults, Second Vice-President of the Institute and President of *James Lovick Limited*, Toronto; Mr. T. Denis Jotcham, Secretary-Treasurer of the Institute and Vice-President, Eastern Division, and Manager (Montreal) of *Foster Advertising Limited*, Toronto; Mr. George G. Sinclair, Past President of the Institute and President and Chairman of the Board, *MacLaren Advertising Co. Limited*, Toronto; Mr. J. N. Milne, P.Eng., Managing Director of the Institute and Vice-President, Research, *MacLaren Advertising Co. Limited*, Mr. F. W. D. Campbell, Trustee of the Institute and Partner of Campbell, Lawless & Punchard, Chartered Accountants, Toronto; Mr. Barry Thomas, Media Director, *McKim/Benton & Bowles Ltd.*, Toronto; Mr. Hal Roach, Chairman of the Board, *McKim/Benton & Bowles Ltd.*, Toronto.

MEMBERS OF THE  
SPECIAL SENATE COMMITTEE ON MASS MEDIA

The Honourable Keith Davey, Chairman  
The Honourable L. P. Beaubien, Deputy Chairman

Beaubien  
Bourque  
Davey  
Everett  
Hays  
Kinnear  
Macdonald (*Cape Breton*)

McElman  
Petten  
Phillips (*Prince*)  
Prowse  
Quart  
Smith  
Sparrow  
Welch

(15 members)  
Quorum 5



## ORDERS OF REFERENCE

Extract from the Minutes of the Proceedings of the Senate, Wednesday, October 29th, 1969.

With leave of the Senate,

The Honourable Senator Davey moved, seconded by the Honourable Senator Lang:

That a Special Committee of the Senate be appointed to consider and report upon the ownership and control of the major means of mass public communication in Canada, in particular, and without restricting the generality of the foregoing, to examine and report upon the extent and nature of their impact and influence on the Canadian public, to be known as the Special Committee of the Senate on Mass Media;

That the Committee have power to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of the inquiry;

That the Committee have power to send for persons, papers and records, to examine witnesses, to report from time to time and to print such papers and evidence from day to day as may be ordered by the Committee;

That the Committee have power to sit during adjournments of the Senate and that Rule 76(4) be suspended in relation to this Special Committee from 9th to 18th December, 1969, both inclusive, and the Committee have power to sit during sittings of the Senate for that period;

That the papers and evidence received and taken on the subject in the preceding session be referred to the Committee; and

That the Committee be composed of the Honourable Senators Beaubien, Davey, Everett, Giguère, Hays, Irvine, Langlois, Macdonald (*Cape Breton*), McElman, Petten, Prowse, Sparrow, Urquhart, White and Willis.

After debate, and—

The question being put on the motion, it was—

Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Thursday, November 6th, 1969.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Smith:

That the names of the Honourable Senators Giguère and Urquhart be removed from the list of Senators serving on the Special Committee of the Senate on Mass Media; and

That the names of the Honourable Senators Bourque, Smith and Welch be added to the list of Senators serving on the said Special Committee.

The question being put on the motion, it was—

Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Thursday, December 18th, 1969.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Smith:

That Rule 76(4) be suspended in relation to the Special Committee of the Senate on Mass Media from 20th to 30th January, 1970, and that the Committee have power to sit during sittings of the Senate for that period.

After debate, and—

The question being put on the motion, it was—

Resolved in the affirmative, on division.

Extract from the Minutes of the Proceedings of the Senate, Friday, December 19th, 1969.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Langlois:

That the names of the Honourable Senators Bélisle and Phillips (*Prince*) be substituted for those of the Honourable Senators Welch and White on the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—

Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Tuesday, February 3, 1970.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Langlois:

That Rule 76 (4) be suspended in relation to the Special Committee of the Senate on Mass Media from 10th to 19th February, 1970, both inclusive, and that the Committee have power to sit during sittings of the Senate for that period.

After debate, and—

The question being put on the motion, it was—

Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Thursday, February 5, 1970.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Haig:

That the names of the Honourable Senators Quart and Welch be substituted for those of the Honourable Senators Bélisle and Willis on the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—

Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Tuesday, February 17, 1970.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Connolly (*Halifax North*):

That the name of the Honourable Senator Kinnear be added to the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—

Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Tuesday, March 3, 1970.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Denis, P.C.:

That the name of the Honourable Senator Langlois be removed from the list of Senators serving on the Special Committee of the Senate on Mass Media.



The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Tuesday, March 3, 1970.

With the leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Denis, P.C.:

That Rule 76 (4) be suspended in relation to the Special Committee of the Senate on Mass Media from 4th to 13th March, 1970, both inclusive, and that the Committee have power to sit during sittings of the Senate for that period.

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Thursday, March 19, 1970.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Smith:

That Rule 76 (4) be suspended in relation to the Special Committee of the Senate on Mass Media on 24th and 25th March, 1970, and from 14th to 23rd April, 1970, both inclusive, and that the Committee have power to sit during sittings of the Senate for that period.

After debate, and—

The question being put on the motion, it was—  
Resolved in the affirmative.

Robert Fortier,  
*Clerk of the Senate.*

## MINUTES OF PROCEEDINGS

Thursday, April 16, 1970.  
(39)

Pursuant to adjournment and notice the Special Senate Committee on Mass Media met this day at 10.00 a.m.

*Present:* The Honourable Senators: Davey, (*Chairman*); Kinnear, Macdonald (*Cape Breton*), McElman, Petten, Smith and Sparrow. (7)

*In attendance:* Miss Marianne Barrie, Director and Administrator; Mr. Borden Spears, Executive Consultant; Mr. Yves Fortier, Counsel.

The following witnesses were heard:

Mr. Allan Waters, President and Director, *CHUM Limited*;

Mr. Fred Sherratt, Vice-President (Programming and Operations), and Director of *CHUM Limited*;

Mr. Larry Solway, Vice-President, (Creative Development), and Director of *CHUM Limited*;

Mr. John Manol, General Manager, CKPT, Peterborough;

Mr. Terry Kielty, General Manager, CFRA-CFMO, Ottawa;

Mr. Ralph Snelgrove, President, CKVR-TV, Barrie, and Director of *CHUM Limited*;

Mr. Paul Akehurst, General Manager, Canadian Contemporary News System;

Mr. Bill Ozard, Station CJCH, Halifax;

Mr. John Hirtle, Vice-President, *Acadia Broadcasting Company Limited* and General Manager, CKBW, Bridgewater, N.S.;

Mr. James A. Macleod, Secretary-Treasurer, *Acadia Broadcasting Company Limited* and Station Manager, CKBW.

The following witness was present but not heard:

Mr. Alex Forbes, Vice-President (Finance), and Director of *CHUM Limited*.

At 1.20 p.m. the Committee adjourned to 2.30 p.m.

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At 2.30 p.m. the Committee resumed.

*Present:* The Honourable Senators: Davey, (*Chairman*); Everett, Kinnear, McElman, Petten, Smith and Sparrow. (7)

*In attendance:* Miss Marianne Barrie, Director and Administrator; Mr. Borden Spears, Executive Consultant; Mr. Yves Fortier, Counsel.

The following witnesses were heard:

Mr. Stuart W. Griffiths, President and Managing Director, *Bushnell Communications Limited*;

Mr. E. Bushnell, Chairman of the Board, *Bushnell Communications Limited*;

Mr. Orv Kope, General Manager, CHAT Radio and CHAT-TV, Medicine Hat, Alberta;

The following witnesses were also present but were not heard:

Mr. Ray A. Faibish, Executive Vice-President, *Bushnell Communications Limited*;

Mr. Charles O'Connor, Secretary and General Counsel, *Bushnell Communications Limited*.

At 5.40 the Committee adjourned to 8.00 p.m.

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At 8.00 p.m. the Committee resumed.

*Present:* The Honourable Senators: Davey, (*Chairman*); Macdonald (*Cape Breton*), McElman, Petten, Smith and Sparrow. (6)

*In attendance:* Miss Marianne Barrie, Director and Administrator; Mr. Borden Spears, Executive Consultant.

The following witnesses, representing *The Institute of Canadian Advertising*, were heard:

Mr. Warren H. Wilkes, President of the Institute and President of *Tandy Advertising Limited*, Toronto;

Mr. Maurice Brisebois, Director of the Institute and Executive Vice-President of *Vickers & Benson Ltd.*, Montreal;

Mr. A. M. Shoults, Second Vice-President of the Institute and President of *James Lovick Limited*, Toronto;

Mr. T. Denis Jotcham, Secretary-Treasurer of the Institute and Vice-President, Eastern Division, and Manager (*Montreal*) of *Foster Advertising Limited*, Toronto;

Mr. George G. Sinclair, Past President of the Institute and President and Chairman of the Board, *MacLaren Advertising Co. Limited*, Toronto;



Mr. J. N. Milne, P.Eng., Managing Director of the Institute and Vice-President,  
Research, *MacLaren Advertising Co. Limited*, Toronto;

Mr. F. W. D. Campbell, Trustee of the Institute and Partner of Campbell, Lawless  
& Punchard, Chartered Accountants, Toronto;

Mr. Barry Thomas, Media Director, *McKim/Benton & Bowles Ltd.*, Toronto;

Mr. Hal Roach, Chairman of the Board, *McKim/Benton & Bowles Ltd.*, Toronto.

At 10.15 p.m. the Committee adjourned to Tuesday, April 21, 1970, at 10.00 a.m.

ATTEST:

Denis Bouffard,  
*Clerk of the Committee*



## SPECIAL SENATE COMMITTEE ON MASS MEDIA

### EVIDENCE

Ottawa, Ontario, Thursday, Apr. 16, 1970.

The Special Senate Committee on Mass Media met this day at 10:00 a.m.

**Senator Keith Davey** (*Chairman*) in the chair.

**The Chairman:** Honourable Senators, we are receiving two briefs this morning. The first brief is from CHUM Limited. The President of CHUM Limited, Mr. Allan Waters is sitting on my immediate right. I think that perhaps when I call on him in a moment or two I will ask him to introduce the team of people that he has here.

Allan, I know you have attended several hearings and I think you are reasonably familiar with the procedure. We ask you to make an oral statement, following which we will ask you questions on the oral statement and your written brief which has been circulated to the Senators. I think some of us have studied the brief and we would like to question you on that, on your oral statement and other matters as well. If you wish to refer any questions to any of your colleagues, that is fine. Why don't you proceed? Welcome.

**Mr. Allan Waters, President of CHUM Limited:** Mr. Chairman and Honourable Senators. All of us present today are pleased to appear before this distinguished Senate Committee. It is particularly good for me to renew acquaintances with my friend Senator Davey. We have competed with the Senator in the broadcasting business and I have worked with him during political campaigns. As a matter of fact, in 1957 or '58 when Senator Davey was working for an opposition radio station in Toronto, I offered him an important position at CHUM. He declined my offer . . .

**The Chairman:** It was a great mistake!

**Mr. Waters:** He declined my offer and continued as one of my competitors. Then on to the political arena,

and now he is a Senator. If Keith Davey had taken my job offer he might have been sitting up here as one of the CHUM people instead of as the Chairman of this Committee.

**The Chairman:** I still say it was a great mistake!

**Mr. Waters:** I have got to get in my last line!

**Senator Sparrow:** Is the offer still open?

**Mr. Waters:** In fact, if he had taken my offer, there might never have been a Senate Committee on Mass Media.

**The Chairman:** I repeat Senator Sparrow's question: Is the offer still open?

**Mr. Waters:** No comment! As you are aware, we have representatives here from each of the communities in which there is a CHUM group station. The five areas are: Halifax, Ottawa, Peterborough, Barrie and Toronto. We also have with us Paul Akehurst, the General Manager of Canadian Contemporary News System, which is owned by CHUM. Paul is located in Ottawa and is a pioneer in the development of an all-Canadian radio news system. I felt it was important that he be available for questioning.

Also with us is Larry Solway who is the moderator of our open-line program on CHUM in Toronto. Larry has been doing this program for ten years now and he is in daily contact with the listening audience. He may have some interesting observations in answer to your questions.

I thought it was important to have representatives from each market in which we are located. Each person here from the CHUM group has made a contribution to our written brief. They are anxious to participate in any areas where their explanations will assist this Committee.



I realize the Committee has received background information on the CHUM people present but I would like to add just a little more about these experienced broadcasters and businessmen.

Fred Sherratt, sitting on the Senator's left, was a co-founder of a radio station in Simcoe, Ontario, 1956. We hired Fred in 1960 to manage our newly acquired bankrupt radio station in Peterborough. With Fred's ingenuity and hard work, and with assistance from CHUM in Toronto, CKPT Peterborough became an important communication factor. When we acquired an interest in Halifax radio station DJCH, Fred was moved there for a period of four years. He was brought to Toronto last summer and is now our Vice-President of programming and operations for all CHUM group stations. I feel this is an excellent example of how the talents of one young Canadian Broadcaster have been advanced as the result of multiple ownership.

Ralph Snelgrove, sitting on my right, is one of the pioneers of Canadian broadcasting. Ralph founded radio station CKBB, Barrie in 1949 and television station CKVR, Barrie in 1955. All told, Ralph has been involved in broadcasting for approximately 30 years. Ralph is a close business partner of mine and I have always found him to be a good source of money when I needed it for an investment. He hasn't lost on me yet, and I don't intend that he will.

Larry Solway, who is sitting next to Ralph, I have already spoken about. I would just like to add that Larry, in my opinion, is one of the most creative Canadian broadcasters we have in this country.

Paul Akehurst, who is sitting next to Larry, I have also spoken about. Paul has been with CHUM for 6 years and has made a tremendous contribution to broadcast journalism in Canada.

Alex Forbes, who is sitting on my left, is our Vice-President of Finance. He is the watchdog of our money.

Terry Kilty has been with CFRA Ottawa for 23 years, since its inception in 1947. He is now Vice-President and General Manager and well known for his community activities, and sports activities, particularly football.

Next to Terry is John Manol. He has been General Manager of CKPT Peterborough for the past three years. Prior to that he was with CKBB in Barrie for 8 years. This is another example of promotion from within our own organization.

The last man next to John in the CHUM group, but certainly not the least, is Bill Ozard, Manager of Radio Station CJCH, Halifax. Bill is one of Nova Scotia's best known radio and television personalities. He has been at CJCH for 9 years and has progressed from start in the News Department, to Programming, the Program Manager, and last summer he was made Station Manager.

I hope, Senator Davey, this has not sounded too much like the introduction of a head table at a Kiwanis luncheon. However, I felt it was important that you and your colleagues have a little more information about those responsible for our broadcasting operations.

As evidenced from what I have already said, CHUM Limited is involved in group ownership—or it can be referred to as multiple ownership. We do not believe we are involved in concentration of ownership.

Our involvement as a group owner is much more than just a financial investment; we are aware and involved in the operation of every station, program wise, engineering, sales, financial, every important aspect of each of our stations is known and understood by our corporate management.

However, each station has its own general manager who is responsible for day-to-day operations and for policy decisions. Each manager is deeply involved in the community he serves, as are many members of his staff. He is on his own to operate his station to the best of his ability. If he needs assistance, he it advertises on programming, sales, financial—he asks for it, and gets it. If flaws develop in any part of a station's operation, we immediately investigate. Constant communication is maintained at all levels between each station and each market.

CHUM believes that multiple ownership, or group ownership, is good for Canadian broadcasting. Based on our experience, the public is better served.

As stated in our written brief, we have encountered no abuse of so-called concentration of ownership in Canadian media. We do not profess to be totally familiar with all media in all of Canada; we wish we were, but in our experience and our observations we feel no concern about concentration of ownership.

To be specific, is there was a market of any significant size in Canada, totally isolated except for local media—radio, television, newspaper and cable, and all of this media was owned by one group, or the

person, there may be cause for concern. We do not believe a condition such as this exists and in any situation where there is concentration of ownership of media, there are always many alternatives available.

CHUM wants to expand further in broadcasting in Canada. We believe we understand something about communicating with people. We also believe we understand the economic necessities of the broadcasting business.

CHUM believes it is good for Canada that broadcasters from one part of the country are doing business, and communicating, in another part of the country. It broadens the outlook and understanding of more Canadians about Canada. We hope the policies of the Government of Canada will allow us our desired further expansion.

I sincerely hope, Senator Davey, that our written brief submission and this brief oral presentation have been of value to your Commission. All of us from the CHUM group are anxious to make a further contribution by answering any questions you, or your colleagues or your counsel, may have. Thank you.

**The Chairman:** Thank you, very much, Mr. Waters. Let us proceed right to the questioning with our counsel Mr. Fortier.

**Mr. Fortier:** Mr. Waters, television came to Canada in 1952 and a lot of radio broadcasters at the time felt it spelled the doom of radio. Yet two years later, you made an offer to purchase radio station CHUM in Toronto. Why?

**Mr. Waters:** I had a rather complicated situation at that particular time. I was not involved in the radio broadcasting business, I was involved in the advertising business. The opportunity presented itself to buy this station and I perhaps did not know about television at that time but I was convinced radio could be a good investment and I bought it.

**Mr. Fortier:** Why radio rather than a manufacturing industry?

**Mr. Waters:** Well, I had been in the advertising and selling business, I am a salesman. I figured if I could sell drug products and other things I could sell radio time.

**Mr. Fortier:** Was this your main concern in purchasing a radio station to sell time on it?

**Mr. Waters:** Oh, no.

**Mr. Fortier:** What was it? What was your main philosophy, your main behind-the-scenes reasons for purchasing a radio station? Why did you want to get into broadcasting?

**Mr. Waters:** I wanted to get into the advertising business on my own. I will put it that way. I will put it another way: I had to first sell time on it because the station was broke. That was the first point but beyond that, Mr. Fortier, I had things in mind about how this station CHUM could better serve the Toronto market. I put those into effect by taking a station with 1000 watts to the present station of 50,000 watts full time and providing a much better service to the community. I may not be correct on this, but I believe we had 23 or 24 people then and now we have 90.

**Mr. Fortier:** You had a certain concept of what radio and broadcasting was all about in 1954. Has this changed in the last 15 years?

**Mr. Waters:** What do you mean "concept"? Do you mean program concept?

**Mr. Fortier:** You said you bought CHUM radio station and you wanted to do something with it. Have your thoughts changed as to what a radio station should do in a given market?

**Mr. Waters:** No, not really.

**Mr. Fortier:** Has it evolved at all?

**Mr. Waters:** There have been certain changes: How you go about doing it now as compared to how you did it in 1954. Anybody trying to do it now the way they did it then is going to be in trouble. I think it is changing all the time. How you reach your audiences is different.

**Mr. Fortier:** CHUM has become commonly referred to as a "top 40" station. Is that right?

**Mr. Waters:** Right.

**Mr. Fortier:** Was this what you wanted to do with it in 1954, make it a "top 40" station?

**Mr. Waters:** Well, let me go back. In 1954 I didn't do anything with it but try and keep it on its feet for three years until I could get it on full time. You cannot compete in a metropolitan market with a station that is not on 24 hours a day. When it came to the time that we could get it on 24 hours a day, the



way I did it was assess the market and find out where there was an opening. There was an opening in Toronto for a popular music station, a "top 40" station—call it what you may. We chose that opening and we have been programming the same way ever since.

**Mr. Fortier:** It has been said that broadcasting can inform, can educate, and can entertain. It can do any one of the three or all three. Within those three goals, three objectives of broadcasting, which one do you feel is most important at the CHUM group of stations?

**Mr. Waters:** Well, I think I would have to say it may have been a toss-up between informing and entertaining. I don't believe that radio is as much an entertainment factor as it once was. Radio is more a vehicle to inform, in my opinion. In other words your constant flow of news, your constant flow of information about what is going on up in space at this very moment. It is my opinion that radio does an information job. The music is there as entertainment value and Mr. Solway's program is there to inform people and also for entertainment value, I think.

**Mr. Fortier:** Are "top 40" tunes wrapped around the news or is the news wrapped around "top 40" tunes?

**Mr. Waters:** Just depends, no. They are not wrapped around, sir. They are presented in a professional manner. If they were not we would not have any listeners.

**Mr. Fortier:** Again I come back to my earlier question: Which to you is most important: to be known as a "top 40" station or known as a station which provides reliable good news through this Contemporary News System service?

**Mr. Waters:** We would prefer to be known as a station that does provide excellent news together with our Contemporary News System. We have been tabbed from day one by the press of Canada as a "top 40" station. We don't object to that.

**Mr. Fortier:** And yet, as recent BBM figures seem to indicate, you are boasting about the fact you are reaching a more adult audience. Is this your young hippie of yesterday who has become older today, that you have sought and possibly managed to hold on to, or is this a new audience you are catering to?

**Mr. Waters:** I think it is perhaps a little bit of each. I think the younger audience we appealed to starting in

1957 is now getting older but also, sir, I think there is a factor that the people who frowned on "top 40" music 10 years ago are liking it today and I think there is much more acceptance for "top 40"—I like to call it hit parade music. Our adult audience is increasing and will increase further.

**Mr. Fortier:** But you are not changing the over-all package, the over-all sound which you have consistently offered to your listeners? Is that correct?

**Mr. Waters:** That is correct.

**Mr. Fortier:** You say the listeners are becoming more interested in hit parade music. Is that because you are presenting a better or more attractive package or is that because "top 40" music per se, in itself, has become more common?

**Mr. Waters:** I think that the "top 40" music has become more accepted or more common, whichever way you want to look at it. I do believe that CHUM is doing a better job of presenting it. We learn every day. We believe we are presenting it very well and it is very important how it is presented.

**Mr. Fortier:** How do you select the top 40 tunes? Do you buy the list from day to day or week to week from the American Hit Parade or do you make the selection at CHUM headquarters in Toronto?

**Mr. Waters:** The selection is made at CHUM headquarters in Toronto.

**Mr. Fortier:** On what basis?

**Mr. Waters:** As I have been doing a lot of the talking and I know the other gentlemen would like to, would ask Fred Sherratt if he would expand on the

**Mr. Fred Sherratt, Vice-President (Programming and Operations) CHUM Limited:** Senators and Mr. Fortier: There are many ingredients that are used in preparing the weekly play list on CHUM, which is really a different item than a published top 30 list. It is long to start with. Primarily it reflects requests to the radio station, sale of recordings in the metropolitan area of Toronto; information received from record contributors and companies as to the wholesale movement of records; the influence of the successes of records in other markets in North America, or indeed in the world; and information that we gather through the Maple Leaf System which CHUM spearheaded nearly a year ago, which assessed the impact of Canadian recordings across Canada.



**Mr. Fortier:** Am I right in understanding the top 40 on any given day is a total of tunes, music pieces, which are the top 40 in the CHUM market or is it the top 40 in another market?

**Mr. Sherratt:** No, the Hit Parade—the “top 40” is really not a correct term. It is a name applied a long way back. Somebody decided it might work if they played only 40 records but that does not happen at CHUM or in any contemporary station that I know of. The Hit Parade itself is 30 records long and indeed reflects the Toronto market. It will be different in any given week than the Hit Parade at CJCH or CFRA or in Vancouver.

**Mr. Fortier:** How different?

**Mr. Sherratt:** It varies. I don't think without getting them and actually doing a comparison I could give you an accurate answer.

**Mr. Fortier:** How different is it from the top 30 in, say, New York or Los Angeles?

**Mr. Sherratt:** A few weeks ago I did a comparison between the top 30 published by CHUM and the top 40 recordings in *Billboard*, which is an American music publication. I think of the 30 records, the top 40 in *Billboard*, about 20 or two-thirds would appear in the CHUM list.

**Mr. Fortier:** Are there instances of records which appear on CHUM's Hit Parade prior to appearing on *Billboard*?

**Mr. Sherratt:** Oh, yes.

**Mr. Fortier:** There are?

**Mr. Sherratt:** Mostly that happens, most of the time. I am talking about the top half. They list so many—they have a hundred and a lot underneath in all type that I have trouble reading.

**Mr. Fortier:** What you are telling the members of the Committee is that the Hit Parade which you play, which your station is famous for in the Toronto market, is the CHUM Hit Parade? Is that correct?

**Mr. Sherratt:** Yes.

**Mr. Fortier:** As determined by some people?

**Mr. Sherratt:** Yes.

**Mr. Fortier:** And which may on any given day, or may not be identical to the Hit Parade on a Vancouver station or a New York station?

**Mr. Sherratt:** Yes.

**Mr. Fortier:** Is there any exchange of information between radio stations who cater to this “top 40” type of programming?

**Mr. Sherratt:** Yes. Through the Maple Leaf System and through conference calls they will discuss records of an unusual strength, no matter what the origin, foreign records of an unusual strength. I believe most of the stations in Canada exchange charts, which is a published list of records. The chart incidentally does not reflect all the music played on the radio station.

**Mr. Fortier:** It has been said that on a radio station such as yours, a disc jockey—if I could use a stockbroker's term—who wishes to promote a record, can do it.

**Mr. Sherratt:** He can do it and then he is unemployed.

**Mr. Fortier:** Has that ever happened at your station?

**Mr. Sherratt:** Not that I know of.

**Mr. Fortier:** One has done it and become unemployed?

**Mr. Sherratt:** Not that I know of.

**Mr. Fortier:** Do you oversee the selection of all tunes which make up on any given day the Hit Parade?

**Mr. Sherratt:** I don't do it personally. We have a program supervisor, Robert Wood, who does.

**Mr. Fortier:** What percentage of the listening time on a day is devoted to playing Hit Parade records?

**Mr. Sherratt:** I would think that in an hour where we are playing music it would constitute 70 per cent of that hour—65 per cent.

**Mr. Fortier:** How often in a day would you play the same tunes, the same top 30?

**Mr. Sherratt:** That will vary. The strongest current new music would be exposed probably six to seven times a day in a 24-hour period.

**Mr. Fortier:** How does a new record get on the top 30, get on the Hit Parade?

**Mr. Sherratt:** The public put it on the Hit Parade. We put it on the radio station.

**Mr. Fortier:** There is no way a record could be cut today and included in the top 30 this evening?

**Mr. Sherratt:** It would not be included in the top 30. It could be played on the radio station. We play more music than that on the top 30. We play new music too.

**Mr. Fortier:** Who decides to play the new music?

**Mr. Sherratt:** Our people, the professional programmers.

**Mr. Fortier:** Would this be the disc jockeys?

**Mr. Sherratt:** No. We have three people to use Toronto as an example, at the Toronto radio station, who together make that judgment with all the information they can obtain.

**Mr. Fortier:** Let me then ask you my earlier question: To what extent can they influence the success or failure of a record?

**Mr. Sherratt:** I don't think as individuals they can. I would have to say, if you are questioning what influence does CHUM have . . . I think it is safe to say if CHUM plays a record it has the opportunity of becoming a hit in Canada, particularly in Toronto. We can't assure it being a hit. The people make it a hit, the public.

**Mr. Fortier:** What you are saying is that CHUM, all things being equal, can make the success of a record?

**Mr. Sherratt:** No.

**The Chairman:** No?

**Mr. Sherratt:** No. We can contribute to the possibility of it becoming a success by playing it but we play many records that never make it as hits or never make it on the charts.

**Mr. Fortier:** Why do you play them?

**Mr. Sherratt:** They are mistakes.

**Mr. Fortier:** Has any of your mistakes ever become a hit?

**Mr. Sherratt:** Yes.

**The Chairman:** Then it is not a mistake!

**Mr. Sherratt:** Conversely, yes; we have made mistakes and not played records that have become hits.

**Mr. Fortier:** When you say at page 26 of your brief paragraph 14, that "Programming a broadcasting station today is extremely complex" . . . since 70 per cent of your programming is top 30 . . .

**Mr. Sherratt:** No, it isn't. It is music.

**Mr. Fortier:** It is music. My apologies. Is this the complexity to which you refer, the selection of the record?

**Mr. Sherratt:** That is one of the factors that makes complex. It is only one ingredient. Music is only one ingredient of a radio station.

**Mr. Fortier:** You have a library, of course?

**Mr. Sherratt:** Yes.

**Mr. Fortier:** What percentage of your library Canadian music or music played by Canadian performers?

**Mr. Sherratt:** At CHUM in Toronto we play the current Hit Parade, as we have been discussing. We play new music; we play what is referred to as gold or established hits, nostalgia. Of the nostalgia being played at CHUM right now we are playing from approximately 1200 selections. A recent survey indicated that a little better than 3 per cent of those would be considered Canadian.

**Mr. Fortier:** Three per cent of your nostalgic library is Canadian?

**Mr. Sherratt:** Yes.

**Mr. Fortier:** Is that indicative of something?

**Mr. Sherratt:** I think it is indicative of the music that is available that is Canadian. There has been a great

improvement in the availability of Canadian music in the last two years.

**Mr. Fortier:** Let us move on to another category. Aside from nostalgic music do you have any other category?

**Mr. Sherratt:** Not at CHUM.

**Mr. Fortier:** You don't have any other section of our library where there is an appreciable percentage of Canadian content music?

**Mr. Sherratt:** The largest percentage of Canadian music available today is in current popular music.

**Mr. Fortier:** What is the percentage there?

**Mr. Sherratt:** Well, the current play list at CHUM right now, I think it is about 12 per cent.

**Mr. Fortier:** So if the CRTC proposals with respect to Canadian content on AM stations became firm regulations, CHUM would have a certain difficulty meeting the minimum requirements. Is that correct?

**Mr. Sherratt:** Yes, sir.

**Mr. Fortier:** What are your views, Mr. Sherratt, and Mr. Waters, on those proposals?

**Mr. Sherratt:** Perhaps Mr. Waters might like to fer . . .

**Mr. Fortier:** Mr. Waters?

**Mr. Waters:** Mr. Fortier, we have presented a brief to the CRTC stating that we are in agreement with the intent to have more music played on Canadian stations, but it is our belief that it cannot be done at the present time without sacrificing the quality of programming on Canadian stations. That is our belief.

**Mr. Fortier:** On all Canadian stations or on your type of Canadian station?

**Mr. Waters:** Well, we have four different types of Canadian stations.

**Mr. Fortier:** I am talking about CHUM at the moment.

**Mr. Waters:** The answer is "Yes, it would be difficult to meet it." As a matter of fact it would be difficult

on all four of our stations. You can meet it but you are going to be playing substandard music and you are going to be repeating music too often. If you do this in a market such as Toronto, or practically any market you can pick—you heard yesterday about the gentleman from Perth that could get nine American stations. In Toronto Senator Davey knows how many Buffalo stations you can get. I think Senator Davey also knows, because he comes from Toronto, how popular those Buffalo stations were back in the 1940's. So I think in order to meet the 30 per cent, Mr. Fortier, you are going to be sacrificing permanent quality and this may hurt the station's audience. If you hurt the audience you cannot expose your news to them. You cannot expose your talk programs to them. Your audience goes down and so does your revenue.

**The Chairman:** I would like to ask a couple of questions at page 26. You say:

"Today a broadcaster must 'zero in' the audience he wishes to serve." What audience are you zeroing in on at CHUM?

**Mr. Waters:** We are zeroing in on the young adult and youth audience but, as I mentioned to Mr. Fortier earlier, it is our opinion that this audience is changing. I should not say changing, it is enlarging, because there is more acceptance for the Hit Parade music of today than there was ten years ago by older people.

**The Chairman:** I note in a column by Patrick Scott in the *Toronto Star* that he wrote in December he said:

"Indeed perhaps the greatest food for thought to emerge from all the statistics is the clear-cut evidence that the CFRB's legendary stranglehold on the Toronto radio market may not, after all, be unbreakable in our time."

Do you think you can break CFRB's stranglehold, as Mr. Scott describes it?

**Mr. Waters:** Yes.

**The Chairman:** With this program format?

**Mr. Waters:** Yes.

**The Chairman:** Why? Because that potential audience is expanding?

**Mr. Waters:** I think because the potential audience is expanding and because we are keeping up with the times.



**The Chairman:** If that potential audience is expanding and you are keeping up with the times, is it not likely that CFRB is also keeping up with the times and perhaps playing some of the same kind of music?

**Mr. Waters:** Oh, they are, yes. They would not tell us what they are going to do, yesterday. We told you our whole programming format this morning.

**The Chairman:** I don't want you to tell us what you are going to do. It is written on page 26. You say you retained the services of two program consultants. I would be interested in knowing whether they are Canadian or American.

**Mr. Waters:** One of them is American, located in Los Angeles. He is not American, he is an International consultant. He consults in New Zealand, Australia, United States and Canada.

The second consultant, programming consultant, is located in Victoria, British Columbia. We have used both of them for many years and if we could find any other consultants that we thought were good in this area we would use them too.

**The Chairman:** I don't want you to give away any secrets but what do they do? Would he advise you on music, or on news, or on both, on the format, the kind of announcers to hire?

**Mr. Waters:** I think the all-embracing word is "everything"; but I mean a radio presentation, your on-air presentation is terribly important. I think a great many people think that all you have to do—you know this Senator Davey—all you have to do is put a record on and you will get an audience. I once had a friend say to me—he was a businessman—"How many people do you employ at CHUM in Toronto? About seven?" This is sometimes what people think. There is an awful lot to running a radio station and we want to have outside criticism of our station, our announcers, our news, our music.

Is that sufficient? I could go on and on.

**The Chairman:** Yes. I would like to turn, Mr. Fortier, if it is all right with you, to a discussion of ownership and some of the interesting views which Mr. Waters has put forward. However, some of the other Senators may have questions in the area of music programming. Perhaps we will stay on programming for a few moments.

**Mr. Waters:** I don't want to interrupt but if we are going to leave music could Larry Solway say something?

**The Chairman:** Yes.

**Mr. Larry Solway, Vice-President (Creative Development), CHUM Limited:** I think it is very pertinent, I think it is terribly relevant in an examination of what popular music really is today. Last summer, with the help of some additional research, I created a thing called History of Rock and Roll and some things became clear to me. It is not the more obvious things—which are that the kids of yesterday are the mid-20's of today and have sort of grown up with it. The fact became very clear that the music itself has come of age and it was not a case of respectability because it has been around so long the adult group suddenly said "Well, it is really not so bad. We have been to a discotheque and it is really a lot of fun."

Music itself has developed in terms of music, in terms of content, in terms of social relevancy; to the point where today's popular music rather than being the Elvis Presley hip-shaking of 1967 is a very relevant social mirror, probably in my view more relevant to social needs or social concerns than any popular music has ever been.

What we have in fact is a circumstance which has not simply evolved into a state of respectability but music itself has come of age. Bad musicianship, clamming away at guitars, is no longer what sells. You must be a musician, you must have something to say. Music today has made possible the creation of true great artistic and literary style in Simon and Garfunkel, in the Beatles . . . I could go on and on. There are many like it. It is more respectable today, much more visible and more meaningful. Some of the great motion pictures today, and there are some great ones . . .

**Mr. Fortier:** Is it possible it has become more acceptable because radio stations such as CHUM have given it more exposure?

**Mr. Solway:** We have given it currency. I remember what we did in 1959 and 1960, what was happening in music then before the Twist became popular. A very interesting social and artistic development. Aside from the fact that CHUM did give it currency, I looked at that music and I thought "My God, the Cassanovas who said in 1959 that rock and roll is dead may indeed have been right." I think that the music turned the corner through 1960 and 1961 and from then

continued to go up and became more meaningful. If we had not improved beyond Chubby Checkers and if indeed the people who listened to it had not become more concerned, rock and roll would have disappeared but it has not. The fact that "Hair" is a very important musical, whether we like it or not, and it can exist today, it is a folk opera in the context of what we used to call rock and roll music. I think this demonstrates the fact very well, aside from the fact that CHUM gave it currency.

That is the only comment I wish to make.

**Senator McElman:** Does CHUM play any of the platters of the more prominent French-Canadian artists?

**Mr. Sherratt:** We play some.

**Senator McElman:** To what extent?

**Mr. Sherratt:** On CHUM-AM, Robert Charlebois. CHUM-FM plays a great number because they fit the experimental format. People such as Ginette Reno, Robert Charlebois, Révolution Française, Ian and Sylvia have done French songs. Those that are compatible with the programming we are doing, yes, we have played.

**Senator McElman:** What is the public acceptance of them?

**Mr. Sherratt:** It is difficult to measure the acceptance of individual recordings in the FM format. There have not been that many international hits from French Canada; so with the exception of the one that mentioned a moment ago—André Gagnon, a Song from Petula was a hit played across Canada.

**Mr. Solway:** May I add just very briefly, I just came back from a trip to France and I think a lot of the product that is being played there is not unlike the product I have heard played here in Quebec. The biggest played record in the four or five days I listened to the French radio was a thing called "Arizona". It was an exact replica of Arizona, the arrangement was the same. It was a direct cover but the only thing that had been changed was the language—to protect whoever.

**The Chairman:** You mentioned, Mr. Solway, the social relevance of the music of today. That leads me to ask a question and perhaps I will put it to Mr. Waters although he may want one of his colleagues to answer it. At page 11, section 2, in the brief, you say:

"This attitude comes from every cultural and economic sector. The poor feel disenfranchised and helpless; the young feel unwanted and misunderstood; the affluent feel threatened; the intellectual feel debased, and the ignorant feel thwarted."

The question I wanted to ask you is: Do you feel that the poor, the young, the affluent, the intellectual and the ignorant all listen to radio? In other words, are you reaching those various groups through radio? Surveys have been done repeatedly attempting to analyse the quality of your audience. I would not presume to judge those surveys but do you think you are reaching all those groups?

**Mr. Waters:** I'm going to make a simple answer. I will say "Yes". I don't know whether Larry Solway would want to comment. I would say "Yes, we are." Larry is in communication with the audience.

**The Chairman:** I want to ask him about open-line broadcasting but perhaps he could answer this first of all.

**Mr. Solway:** I guess I was responsible for the paragraph. If I may just qualify it—I don't want to seem to back and fill on your question. I use that to demonstrate the whole thing that we have learned to call the "alienated society"—not perhaps in terms of reality but in terms of how the public genuinely feel. Are we to be concerned about how the public says they feel or how we think they should feel? That is why that falls where it does under "Attitudes of the Public".

To answer your question—yes, I personally talk to that kind of person and I personally receive mail from that kind of person. The clear fact emerges that no matter what position you are in in the socio-economic scale, you somehow feel thwarted. Everybody who has any money today feels thwarted by Mr. Benson's proposal. Anyone who doesn't have any money today feels thwarted by the presence of things much bigger than they are. Youth talks about the generation gap and their elders talk about reinforcement of the old values. What I am saying, Senator Davey, is that I talk to these people for two hours every day and I have done for years and years and I get the feeling that everybody feels his own private ox is being gored in this society.

**The Chairman:** Let us talk about open line broadcasting just for a moment or two. Perhaps I could begin with a question. You do open line broadcasting at three of your four stations?

**Mr. Waters:** Yes, that is right.

**The Chairman:** What station do you not?

**Mr. Waters:** CKPT—Peterborough.

**The Chairman:** Why not? In other words, if open line broadcast has the merit which you describe why don't you do it in Peterborough as well?

**Mr. Waters:** I will have Mr. John Manol, the General Manager of CKPT-Peterborough answer that.

**Mr. John Manol, General Manager, CKPT, Peterborough:** We find that unless you have a moderator who is, I think, equipped to deal with the various subjects in the market and able to deal with them well, I think it is better to avoid them except for special issues. I should qualify what we are saying here. We do not on a regular basis have an open line show. However we have a special open line show for various subjects at which time we bring in people who we feel are experts to discuss these subjects. For example, recently we have had two 1-hour open line shows with the Income Tax people where they have sent one of their experts from Belleville and he has remained at the station throughout the day and after the show to answer questions from people who called during the program.

We have in the works right at the moment, which will be presented in the next two weeks, a series of two or three 1-hour shows on pollution, and we have officials from Pollution Probe who will be taking part. It was our feeling at the time, it was our decision in Peterborough to remove the program we had three years ago simply because we didn't feel we had people available, or one person available, who we felt could be expert enough on all subjects we wanted to discuss. We think it better to run special programs when we felt there was a sincere need for it. However, we do get calls on our news broadcast phones covering various things we have been discussing. If there is a subject that comes up we present an open line show.

**The Chairman:** Page 22 of the brief says:

"Radio has created a form of expression in this kind of program that may be the most significant new role played by it during the past ten years."

This is really the same question as the Peterborough question. Why is there so little open line broadcasting in Toronto? For example, there is Larry's program

and I think one on CHIN and to the best of my knowledge that is it.

**Mr. Waters:** The key to open line broadcasting is your moderator. We have one of the best in Larry. Bill Ozard has carried a program for many years in Halifax on CJCH and Bill is excellent at it. Terry Kielty on CFRA has Lowell Green. I think one of the reasons is that simple. If you haven't got a good moderator you can't run a good program. You have to be good, you have to be responsible and knowledgeable.

**The Chairman:** I accept that but surely you would not suggest that CFRB and CKEY and CHFI, three fairly prominent stations which come to mind immediately, could not find someone who could moderate an open line program. Do you think they are looking for someone?

**Mr. Solway:** At one time there were three active in Toronto. Bill Brady in Richmond Hill, who subsequently went to CKEY; Brad Crandall at CKEY who subsequently went somewhere else; and I was the other. Why they have vacated that field I don't know. I hope it is not that they have run cringing in fear from the fact I am so good.

**The Chairman:** I listen to your program quite regularly and I could comment on that! I think the Senators would be interested in taking just a moment because I know there are open line stations all across Canada. I think we would be interested. First of all could you describe how an open line program works the screening process and so on?

**Mr. Solway:** There are three kinds of programs. The one which is completely open; you throw open the lines and say "I know you have a lot to talk about so have at it". The other one is where I will introduce a topic that may be particularly salient in the news—the Spadina Expressway for example. The other one is where there is a specific guest with a particular area of competence who is in the city. Given any one of those three situations we have a screening process which is more concerned with getting fairly competent and articulate callers than deciding on content. The screener, working with me, will simply pick up the phone and say "Good morning. This is the Larry Solway program. What do you want to talk about? The person will then say what they want to talk about. If it is something extremely small like "My neighbour's fence is six inches over on my property and I don't know what to do about it"—she may simply answer. The purpose of screening in my view



to simply give the caller the opportunity to articulate in advance, in fact to rehearse what he or she is going to say and perhaps be challenged by the screener so the caller will be aware of the kind of challenge there is going to be.

**The Chairman:** A screener may actually solve a problem then?

**Mr. Solway:** Sometimes, yes. There are circumstances, not too often, where my screener will talk to me on the intercom, during a commercial break and say "On line 5 I have a lady who wants to know what she should do about a particular problem." I say "There is no point in putting her on the air. Just give her this number to call." It may be the Department of Consumer Affairs or a Queen's Park Department.

**The Chairman:** Sometimes on a program somebody gets on and presumably uses obscene language and you beep that out. How does that work?

**Mr. Solway:** There is a continuous tape loop, which could describe technically, and what in fact it does is record the incoming call and plays it back four seconds later, which gives me four seconds time during which to delete.

**The Chairman:** You have to make those decisions in four seconds?

**Mr. Solway:** Yes. That is pretty good time.

**Mr. Fortier:** Is there more "beep-beep" today than there was yesterday?

**Mr. Solway:** No. There has never been a lot of beep-beep". As a matter of fact one of the questions I am asked most at cocktail parties is "How many people call you up and use dirty language?" It is rare. I think I may have one a week.

**The Chairman:** You have some regulars, haven't you?

**Mr. Solway:** No, not any more. I haven't had them for years. They were deleted partly because they were just plain foolish. They yelled something that was just silliness, just to make a noise. Sometimes it was kids. There was maybe one a week obscene and that would be stretching it. We are more concerned about libel than obscenity.

**Mr. Fortier:** Are there things today, Mr. Solway, that you don't "beep-beep" which you would have "beep-beeped" yesterday?

**Mr. Solway:** No.

**Mr. Fortier:** You have not evolved, either you or your station, your concept of good taste?

**Mr. Solway:** Well, given the fact there are only two circumstances in which I would delete, other than just irritation which is almost non-existent today, obscenity or libel. The things which were flagrantly obscene—and I don't mean a "hell" or "damn", I mean the obviously four letter scatological words are still scatological words. They don't serve any purpose and we are not deleting them out of a sense of prudery but I don't think it enlarges the subject to use a four letter coarse word. I will delete it. While the public standard may change I would suggest the areas of discussion may have become a little more liberal today than ten years ago.

**The Chairman:** How much more liberal?

**Mr. Solway:** How much more liberal?

**The Chairman:** Let me be more specific . . .

**Mr. Solway:** It is more acceptable today to discuss birth control clinics than it was twelve years ago. As a matter of fact under the Act originally there were very severe reservations about discussing anything of that kind without clearing well in advance.

**Mr. Waters:** When the CBC wrote the rules birth control was a prohibited subject.

**Mr. Fortier:** It still is, I think.

**Mr. Sherratt:** Before a certain time in the evening; isn't it?

**The Chairman:** I put the question to you: "How much more liberal?" The question I am specifically interested in is: Where do you draw the line? I would suggest to you, as someone who has listened to your program almost from its inception, that the line is moving further and further to the left. I am not passing judgment on whether that is right or wrong but I would suggest it has clearly happened. This was never more in evidence than a week or two ago when I was driving to the airport I heard two calls back-to-back. One was somebody telling a story about where

they were at the time of the Cuban missile crisis. That ended up in "beep-beeping". You indicated by your comments you expected . . .

**Mr. Solway:** It was a put on. They were setting me up for some silly joke.

**The Chairman:** Do you recall in the next series of calls you discussed biting?

**Mr. Solway:** Yes.

**The Chairman:** Would you call that a fairly liberal approach?

**Mr. Solway:** I have discussed things of this kind in the past, including 8, 9 or 10 years ago.

**The Chairman:** You would have done that ten years ago the same way?

**Mr. Solway:** Yes, I would have. The only difference is the number of people who disapproved would have been far greater ten years ago. The discussion of biting—it sounds rather damning—it was exactly that it came out of . . . I deal a great deal more today with human behaviour than I do with events. If there is any real change in the program I would say that has to be it.

**The Chairman:** You deal more with which?

**Mr. Solway:** Human behaviour, life around us in terms of human behaviour; life from the inside out rather than the outside in. In the past years the program dealt with things in the news environmentally and came from the outside in. The approach in the program that seems to be most interesting, and I think most valuable, is the description of attitudes towards events from the inside of people. The biting thing—it was a lot of fun.

**Mr. Fortier:** Was that a personal experience?

**Mr. Solway:** I don't want to be silly about it because I think it is a good question, a very interesting point. I brought up the subject last fall of suppressed desires and the exercise of suppressed desires and discussing with people the psychological difference between fantasy and suppressed desire. I said things like "people do not want to exercise their reasonable suppressed desires". I am not saying a suppressed desire to jump off a barn and fly . . . that is a stupid fantasy and you are going to get killed. I am talking

about very real experiences within the realm of possibility and at that time, (I am amplifying this to show you how we deal with human behaviour) I expressed the belief that the reason we don't tend to release these desires is we are afraid of success and that failure is far easier than success. When you are a failure nobody ever expects anything from you. As a consequence of this, some people did describe personal suppressions and one particular woman had called and said "I don't know whether or not I should say this on the air but I have had a desire to bite my husband." Naturally I pursued that, not with a sense of a prurient relish but I think with real interest. I asked her the obvious question—not that I didn't know what she was saying but I wanted to make it clear that she was on fairly safe ground. I asked "Does this happen in rather intimate circumstances between you and your husband?" She said "Yes, of course it does." I said "Why don't you bite him?"

**Mr. Fortier:** Had her husband put you up to that question?

**Mr. Solway:** The accusation may be that open line programming has no place to go now so it must either become very noisy and abrasive or it must become very openly prurient. I don't think either is necessary. If this be prurient then I guess I am a prurient man but I don't think that it is and I don't think I am.

**The Chairman:** I thank you. We could pursue the discussion and I am sure I would like to but I don't think that time allows as we have another brief to receive this morning.

I would like to put a question to Mr. Kielty, with your permission. The brief says at page 4:

"We have taken an excellent Ottawa station and strengthened it . . ."

The question I would like to ask Mr. Kielty is: How has CFRA been strengthened by the arrival on the scene of CHUM Limited?

**Mr. Terry Kielty, General Manager, CFRA-CFM:** Ottawa: Senator Davey, I think the strength is not something obvious to the listener or obvious to those sitting in the room. I think the strength comes from the inside where we were able to streamline and introduce sales methods, accounting methods, office methods. We were able to enjoy the privileges of growth activity. We could pick on the information and experience of people in other communities who were going through the same kind of thing that we were.

far as the strength of the station to the public I don't think it has changed that much but the strength in the internal operations I think is remarkably better than it ever was.

**The Chairman:** I accept that but as Mr. Waters mentioned the point I am from Toronto, I am also from Ottawa, as you know, and I listen a great deal to CFRA. Would I as a listener notice any difference?

**Mr. Kielty:** You might with respect to the development of things like the Contemporary News Service; you might with respect to the Maple Leaf Music system, which is a refinement of our internal operation which is evident in our broadcasting on a day-to-day basis. It has always been a quality station and I think it is a quality station.

**The Chairman:** Perhaps I should put this question to Mr. Waters. Might not some of these improvements in CFRA—the Maple Leaf System, the Contemporary News—might not they have happened anyway, if you had not purchased CFRA? Stations obviously improve and all the Contemporary News stations are not stations you own. CFRA may have had the service before you owned it, I am not sure.

I will put this question to you: How have the listeners in Ottawa benefitted from your purchase of CFRA?

**Mr. Waters:** Let me put it this way . . .

**The Chairman:** The listeners.

**Mr. Waters:** I think Mr. Kielty and other members of the CFRA staff—he has already said that internally they have benefitted—and I also think the listeners have benefitted because of the exposure of CFRA to the air-personnel to what has been done in other stations in our group. I mean, there were significant changes made. They were not maybe significant to the listeners but there were some significant changes made in our presentation of news, particularly in the noon hour period, where perhaps it should have been changed before but the previous owner was not going to make the change. When CHUM came along and became the owner we thought this should be done and they had the complete agreement of the people at CFRA. That is one instance, there are many others. I think you would call them subtle changes in programming which you, as a listener, may not notice, but I think it is significant that the number of listeners to CFRA has increased. Perhaps they would have

increased anyway but all we know is since CHUM has become the owner they have increased.

**The Chairman:** Is that because it is directly attributable to changes that have been made; do you think?

**Mr. Waters:** I couldn't answer that. All I can say is there have been subtle changes made. The people at CFRA execute them beautifully, they are professional broadcasters.

**The Chairman:** I would like to pursue that with you if I could, Allan, this whole area of concentration of ownership. It seems to me you are saying in your brief—and I hope I am not misunderstanding the brief—you are saying that concentration of ownership up until the present time at least in Canada is not a problem. Then you say:

“However, future policy where concentration of ownership is being acquired by ‘purchasing’ and not by ‘pioneering’ may be subject to question.”

Is that your position?

**Mr. Waters:** Let me get the definition right. I said in my oral presentation I consider us to be multiple owners, we own stations in four markets. We are multiple owners and to use the other phrase—we are group owners. A concentration of ownership, to me, is where you have a company or individual who owns a lot of media in one market. That is concentration. In other words, if CHUM in Toronto, if Allan Waters owned the *Toronto Star* and CHUM and CFTO, I think that is concentration of ownership.

**The Chairman:** Is it concentration of ownership when John Bassett owns CFTO and the *Telegram*?

**Mr. Waters:** I don't think so, no. I don't think so. I really don't think so.

**The Chairman:** Would it be concentration of ownership if he also owned CHUM?

**Mr. Waters:** No. If he didn't own CHUM up until now I would say that it may be concentration of ownership. The point I make, and I think it is important, that concentration of ownership, where it exists now, exists because certain people, certain Canadians had the guts to pioneer in certain areas. I think that is very important. I think somebody who pioneered in an area and were the first people to take on a radio station—to use John Bassett, he won the television station on its merits, despite what anybody says. That is my opinion.



**The Chairman:** But he purchased the *Telegram*?

**Mr. Waters:** That is right. What I am saying is that what has gone on up to now is what I call pioneering. Other people could have purchased the *Telegram* but he purchased it. So I think what has gone this far should stay. Now if Allan Waters wanted to purchase the *Telegram* and CFTO I think somebody should say "Hey, maybe this is too much."

**The Chairman:** Let us put another dimension. Suppose Allan Waters wanted to buy every private radio station in Canada, do you think that would be too much?

**Mr. Waters:** Every private radio station in Canada? Yes, I think that is too much.

**The Chairman:** All right then. How much is too much?

**Mr. Waters:** I have heard you ask that question before.

**The Chairman:** Then I am sure you are prepared with an answer.

**Mr. Waters:** No. It is a difficult situation, it is difficult to answer. You know how they have answered in the United States and I don't want to go through this for other people but we say flatly in our brief that we would like to get a radio station in Montreal. We have been trying to get one for some time and we don't seem to be able to but we are going to keep trying until we get one, unless there are rules that say we cannot. Canada is a huge country and it is sparsely populated and I just don't know how much is too much. It is an extremely difficult question to answer.

I think if the people involved are good Canadian citizens and good broadcasters and are trying to serve the public, as I think most broadcasters in Canada are doing—some broadcasters are expansion-minded and some are not. We happen to be expansion-minded and we would like to proceed to get other properties. I don't think we should be allowed to buy another station in Toronto, that would be too much, another radio station in Toronto.

**The Chairman:** You said "as most broadcasters are". That implies there are some who are not. I am not going to ask you to identify those people.

**Mr. Waters:** Who are not . . .

**The Chairman:** Good broadcasters.

**Mr. Waters:** Did I say that?

**The Chairman:** You said "if they are good broadcasters" and then you said "most of them are". Supposing one of the people who is not—let us not name a person—in your opinion, or in the opinion of somebody, decides to expand his operation; should he be allowed?

**Mr. Waters:** If he is not a good broadcaster he should not be allowed to, no.

**The Chairman:** Are there other questions in the area? Senator Smith?

**Senator Smith:** Just on that very point I would like to know how you would define a broadcaster who is not good enough to do the kind of thing we are talking about. Is that an easy thing?

**Mr. Waters:** It is not an easy thing.

**Senator Smith:** Are you talking in terms of CRTC definitions?

**Mr. Waters:** I don't think the CRTC, sir, has a definition. I think the CRTC knows the performance of every broadcaster in this country. We have to report to them at certain intervals. Yearly we are up for licence renewal and your record has to stand and if you are not doing a good job of broadcasting it is brought to your attention.

**Senator Smith:** But there are not very many who are bad enough that the CRTC cancels their licence. It seems to me you would have to be pretty bad.

**Mr. Waters:** Yes. But I don't really think there are any bad enough to have their licence cancelled.

On the other hand the borderline ones, in the wisdom of the CRTC, they would say "No more until you upgrade the one you have." That would be their position under the Act, to disallow expansion in some areas.

**Senator Sparrow:** In your brief, you refer on different occasions to the fact you endeavoured to purchase Montreal radio stations and were turned down by the CRTC. Why were you turned down, do you know?

**Mr. Waters:** We were denied because—I am not certain I can quote this—because we were not sufficiently involved, or directly involved, in the social, economic, cultural life of Montreal. That was the latter denial. The one before that, we were trying to purchase an ethnic station in Montreal and I believe that the Commission felt we were not again perhaps in tune.

**Senator Sparrow:** Was that 1963 you are referring to now?

**Mr. Waters:** It was 1963 we tried to start our own. There was a frequency available there and we tried to start our own. We were denied at that time because of economic reasons. They considered there was not enough room for another, or not another English one. I think that was the reason for that. The latter one was because we were not sufficiently involved in the social, economic and cultural life of Montreal.

**Senator Sparrow:** And the one before that?

**Mr. Waters:** It was the ethnic station.

**Senator Sparrow:** There were three. The first was the ethnic?

**Mr. Waters:** The first was our own application for a station called CHIM. We tried to buy a network station CFMB and the latter was an attempt to buy KGM. Those three.

**Senator Smith:** What was the difference between that situation in Montreal and the situation that existed in Halifax at the time the company took over the operation of CJCH?

**Mr. Waters:** Well, sir, CHUM originally owned 50 per cent of Halifax. We bought it back in 1965, we bought half of Halifax and were granted that. Then when we went to buy the other half we were granted that. We were already in there. Maybe that is the answer.

**Senator Smith:** How did these factors measure up when you were permitted to buy half of CJCH back in 1965? Were you then considered as part of the cultural and economic life of the community?

**Mr. Waters:** Well, I don't know the answer to that. I am not sure whether the Commission are looking now for local ownership in certain markets. If I may add, this is not an easy thing to find. That is why we made that remark about Mr. Snelgrove used to have some

money to loan me. When you go to find money in the local market to buy broadcasting property is not easy.

**Senator Smith:** My question, of course, relates to CRTC and not to your operations.

**Mr. Waters:** I appreciate that.

**Senator Sparrow:** Do you feel the denial in all three cases then was justified? Do you feel it was a fair decision?

**Mr. Waters:** Oh, yes. I think it was a fair decision. I think that there should be, there will have to be, or there will be some clarification on this social, economic and cultural involvement because just recently there was another denial by a Montreal station. I think he is in the room. Gordon Sinclair was trying to buy Sydney and he was denied with almost identical wording—not involved in the social, economic and cultural life of Sydney. There may be others, I am not certain, but those are two. I think somewhere along the line there will have to be some clarification, hopefully there will.

**Mr. Fortier:** Mr. Waters, you have described yourself as an expansionist. What type of market are you looking for?

**Mr. Waters:** Well, I am looking for Montreal.

**Mr. Fortier:** Why? What have you learned about Montreal? You say you have become very knowledgeable about Montreal and it has become more and more attractive. What have you learned about the market in Montreal that makes it so attractive for Toronto people to own a radio station there?

**Mr. Waters:** Well, I think that Montreal is an extremely exciting city and as we all know there are a lot of people moving out of Montreal . . .

**Mr. Fortier:** I don't know that we know that. On a question of privilege I would take issue with you on that statement. This may be what is broadcast on the Toronto radio stations.

**Mr. Waters:** It is also carried in the press in Montreal.

**Mr. Fortier:** I would take issue with you. But you would like to get into Montreal?

**Mr. Waters:** Yes, I think it would be an excellent thing for a Toronto broadcaster or a Vancouver

broadcaster—I say this in my brief—to get into Montreal, so the other people in Canada would have confidence in Quebec Province and get in there and do business.

**Mr. Fortier:** What then would work to the advantage of the Montreal listeners which is not present today? Would you bring in the top 30 station? Would you bring in Mr. Solway to monitor an open line program?

**Mr. Waters:** I will say frankly I don't know what I would do. I think I would like to say this to you, Mr. Fortier, that when we went into Peterborough, which is a small market, a population of 50,000, and purchased a bankrupt radio station—which Mr. Snelgrove and I still haven't got a cup of coffee from, and believe me we are not complaining—we have taken that station with the help of Mr. Sherratt and Mr. Manol and got it to be a good communications voice in that area and it is employing more people and providing a tremendously better service. If I might continue, I think maybe your question inferred that we were only interested in large markets. We also went into Halifax where the station there was a neglected radio station.

**Senator Macdonald:** What do you mean?

**Mr. Waters:** The people in Halifax were in radio and went into television and television became more glamorous, more interesting, and the radio station was neglected from a management standpoint. The people in Halifax knew that and as a matter of fact how I got into Halifax was they came to hire Mr. Sherratt and I would not let them hire him so we ended up buying half the station. That is really how it happened. We took the station which was neglected in Halifax and made it into a better station. We have been able to hire more people and I am sure Mr. Ozard would agree that we have a much better news department. We have provided a much better service in that market.

**Mr. Fortier:** Would you buy any station in any market if it was for sale?

**Mr. Waters:** I don't know. I would have to know the market, the competitive factor, the services that are being offered. I would have to know an awful lot of things.

**Mr. Fortier:** You would not make a blank assertion that "any station for sale in Canada I am interested in because I am an expansionist and would make more money"?

**Mr. Waters:** No.

**Mr. Fortier:** Do you buy radio stations like Mr. Thomson said about newspapers? Do you buy radio stations to make more money?

**Mr. Waters:** That is not the only reason.

**Mr. Fortier:** It is one of the reasons?

**Mr. Waters:** Yes, it is one of the reasons; but I also enjoy broadcasting and business and so do my associates and we would like to expand. Again, I think it is good for Canada to have Canadians doing this.

**Mr. Fortier:** You like broadcasting; you would like to expand; you would like to provide a service. I come back to my earlier question: Are the Montreal listeners lacking? Is there a service which the radio stations in Montreal are not providing for the listeners that you would provide?

**Mr. Waters:** Yes, I think there is.

**The Chairman:** May I ask a supplementary question? Are the listeners and viewers and people generally in Toronto better served by the mass media in Toronto than the people in Halifax by their mass media?

I put the question to you rather than the Halifax manager because you have the opportunity of travelling and being in both cities.

**Mr. Waters:** Well, I think it is a little bit of a tough question but I think I will say this—we had a meeting last night in preparation and Larry Solway expounded on this at some length. I agree with much that Larry had to say and I think that Toronto is served better by the media, by all media, than perhaps—I don't know whether I should say any market in North America but many markets in North America.

**The Chairman:** Let me put another question to you. Does the media in Ottawa serve this city better than the media in Halifax serves that city? Could you make that judgment for us?

**Mr. Waters:** No, I would not want to make that judgment.

**The Chairman:** Because you cannot or because you would not want to?



**Mr. Waters:** I live in Toronto and I spend quite a bit of time in Ottawa now, more than I ever have. I spend time in Halifax and in Peterborough and in Barrie but I don't think I would like to make that judgment.

**Senator Sparrow:** A supplementary. Were you here yesterday, by any chance, for the hearings?

**The Chairman:** Part of the day.

**Mr. Waters:** I came late in the hearing of some company from Toronto!

**Senator Sparrow:** In the brief yesterday, I will just read from it:

"It would be a brave broadcaster indeed who undertook to promote an unpopular cause."

—Further on it says:—"Under the existing rules no radio station, large or small, will do anything that may jeopardize its licence."

I have two questions. One, in the context of renewal of licences coming up, could you agree with that statement or would you disagree with it?

Secondly, would in fact that be a concern in trying to expand into another market such as Montreal? Would that fear that was stated in that paragraph be true as far as your station is concerned?

**Mr. Waters:** Sir, could I ask you if you would mind reading that paragraph again? You are a fast reader.

**Senator Sparrow:**

"In the opinion of the directors of Countryside the function of small local radio stations is first to inform and second to entertain its listeners. As your Committee is no doubt aware, radio broadcasting licences are being renewed every two years and the stations performance is subject to minute and continuing scrutiny by the Canadian Radio-Television Commission. It would be a brave broadcaster indeed who undertook to promote an unpopular cause. The result is that we do the best we can. We furnish our listeners with local and national news, road reports, reports of sporting activities, music, weather reports and programs of that nature. Under the existing rules no radio station, large or small, will do anything that may jeopardize its licence."

**Mr. Waters:** What do they mean by "unpopular cause", sir? That is the key to it. We will report many

unpopular causes and I think any of our stations will. I think that is the key to it.

**Senator Sparrow:** "Under the existing rules no radio station, large or small, will do anything that may jeopardize its licence."

**Mr. Waters:** I don't think any radio station . . . I would have to know what an unpopular cause is.

**Mr. Ralph Snelgrove, President, CKVR-TV, Barrie, Ont:** I don't think the BBG or the CRTC would consider today that supporting and taking a strong stand would have any effect on licence renewal.

**Mr. Waters:** We are always concerned. We cannot say licence renewal is of no concern to us. It is. I think any broadcaster keeps a file for licence renewal because they know it is coming up. He says every two years in that brief. Most stations just received a three-year licence.

**Mr. Solway:** I would suggest the word "irresponsible" be substituted for "unpopular" in that brief. Of course it is not within my competence to do that. I would suggest that that is the word that must have been meant.

**Senator McElman:** Mr. Chairman, I think we did break it down and we got a definition of what an unpopular cause might be from the person who wrote it. That was if a licensee, broadcasting radio, were to editorialize strongly against the proposals currently of the CRTC should he feel that this might have some bearing on renewal of his licence. I think we broke it down to that very clearly as an unpopular cause.

**Mr. Solway:** An unpopular cause with the CRTC?

**Senator McElman:** Not necessarily.

**The Chairman:** I think we have dealt with this at length and I think as Mr. Solway said as far as your organization is concerned "irresponsible" would be a better word instead of "unpopular".

Yes, Senator Smith?

**Senator Smith:** This relates to the discussion a few minutes ago about CJCH and it occurs to me this may be an example of the effect across the country of group ownership having the effect of cornering the market on high-class managerial talent. Would you like to say something to that? You are one of a number of

very important broadcasting companies and is it going to be increasingly tougher for an independent station anywhere in the smaller cities to get good management when you have the tendency, with your great strength, financial and otherwise, to corner the market?

**Mr. Waters:** No. I think I would say "No". I think I made the point in our brief, and I believe this very strongly, the people sitting at this table—Mr. Sherratt was hired by us and developed through our organization and promoted throughout our organization. Mr. Ozard of CJCH has been there for nine or ten years. We didn't steal him. Mr. Manol was in Barrie and we promoted him from within the organization. Mr. Kietly has been there 23 years. We didn't get him from anywhere. Mr. Akehurst has been with us six years. Paul, I forget where you came from! CKOY. Mr. Solway has been with us 13 years.

**Mr. Solway:** When I came to the station in 1956, in the old days that we spoke about, I came as a summer replacement announcer and I was glad to get the work. They were not clamoring for me.

**Senator Macdonald:** Did you not say that you bought half of the Halifax station because you didn't want to let your manager go?

**Mr. Waters:** Yes, I did say that. That was not the total reason.

**Senator Macdonald:** Would you buy any station rather than lose your staff?

**Mr. Waters:** No, I would not. I was being a little facetious.

**Senator Smith:** You see my point surely, don't you?

**Mr. Waters:** Yes. In our case we have good people, and I mean this sincerely, beyond the people sitting at this table, that we have developed and who will be promoted within our organization. Mr. Solway said it and I don't think we have the reputation for raiding, so to speak. We don't go and hire people. We endeavour to promote within our ownership.

**Senator Smith:** I think there is a natural flow of talent to go where the money is, whether it is the performing field or otherwise.

**Mr. Solway:** There is very little in our company compared to what is general in the communications business.

**Mr. Snelgrove:** We must remember that there is perhaps some validity to your concern. To take the specific case of Mr. Manol, whom I hired twelve years ago. I think he was selling cars or something at the time and became a radio time salesman and sales manager and we promoted him and he did his homework and went to school at night and then he went to Peterborough and he has matured and when he gets tired of Peterborough he will go somewhere else. I don't know.

**The Chairman:** He will probably buy a car dealership of his own.

**Mr. Snelgrove:** This opportunity is a valuable consideration.

**The Chairman:** Does this answer your question?

**Senator Smith:** Yes.

**The Chairman:** There are several other lines of questioning we would like to pursue but we are not going to because of the time element. I know there is one other line of questioning that Mr. Fortier has and perhaps we can pursue that.

**Mr. Fortier:** Mr. Akehurst, you have a reputation in Ottawa as a very thorough journalist, a very competent one. When you are investigating a lead, as you call it in the trade, are there any holds barred as to the means you will use to get your information?

**Mr. Paul Akehurst, General Manager, Canadian Contemporary News System:** I have a law within which I must work. I don't know what you mean by "holds barred".

**Mr. Fortier:** Will you stop short of using any means for getting the material which you feel you should get in the interest of your listeners?

**Mr. Akehurst:** If the means are lawful and ethical, no.

**Mr. Fortier:** What would be unlawful and unethical?

**Mr. Akehurst:** You know what is unlawful better than I.

**Mr. Fortier:** But I am not the one searching for the news. I would like to know what you think is unlawful and what you think is unethical.

**Mr. Akehurst:** I don't think I would engage in bribery, for example.

**Mr. Fortier:** You would never pay someone to obtain news?

**Mr. Akehurst:** I have not.

**Mr. Fortier:** No; but would you?

**Mr. Akehurst:** I have not.

**Mr. Fortier:** Would you?

**Mr. Akehurst:** I think that is hypothetical. We are talking about bribery and bribery is one thing and paying somebody for information is something quite different.

**Mr. Fortier:** Would you pay someone for obtaining information?

**Mr. Akehurst:** That would depend on the circumstances.

**The Chairman:** I think that is a good answer.

**Mr. Akehurst:** Well, it is one thing to go and offer a civil servant X number of dollars for classified information. That is bribery and that is illegal. It is something else to have an informant come and say "I happen to have information available and I want money for it." If I have some idea that this information is so valuable and I can't get it anywhere else and I believe it is in the public interest that this information be made public then of course I would have to take certain responsibilities but I haven't been faced with that situation or do I engage in that practice.

**Mr. Fortier:** What steps would you shy away from resorting to because you considered them unethical in seeking information, seeking to get to the bottom of a story?

**Mr. Akehurst:** Well, there are fairly well established ethics in the profession of journalism and I do my best to adhere to these, I think. You are facing me with a very general and hypothetical question, Mr. Fortier. If you can give me some specific examples I could answer "Yes" or "No".

**Mr. Fortier:** You work in this milieu where there are thousands of rumours which navigate through the

corridors and through the Parliamentary restaurant and so on. How do you decipher the rumours which should be made the object of a thorough investigation and those which should not?

**Mr. Akehurst:** I think it depends on the nature of the rumours, doesn't it? Many of the rumours are inconsequential and even if they were true would not be of any great interest or significance. Those which are, presumably, suggest to the reporter, the conscientious reporter, that they should be followed up. There is political reporting. We hear all sorts of political rumours day after day. Some we disregard and others we pursue. I think it depends in the first instance what it is you are about and that is to tell people what is of interest and significance.

**Mr. Fortier:** We have the view expressed here by La Fédération professionnelle des Journalistes du Québec that a journalist should benefit from a privilege insofar as disclosing his source of information is concerned. Do you agree there should be a text of law which would prevent a journalist from having to disclose his source of information?

**Mr. Akehurst:** No. Let me qualify that.

**Mr. Fortier:** Why?

**Mr. Akehurst:** I feel very strongly that the journalist should enjoy no more rights than any other citizen in the community. Sometimes we require privileges in order to do our duty, as distinct from rights. I believe a journalist is very much a citizen in the community and has a responsibility to behave as such. Now as to the disclosure of sources, I don't believe, as some of my colleagues do, that a journalist should in all circumstances maintain an absolute right to refuse to disclose sources but I would say some provision would have to be made such as disclosure of sources in camera in a court of law, where it was determined it was vital in the public interest. Similarly the new *Federal Court Act* makes provision for defendants to seek redress to the courts for information which is being concealed by government which they may require in the preparation of the defence. I think journalists may have information which in the public interest should be revealed, so long as there is a vehicle for the release of such information and not to damage others; that is in camera.

**Mr. Fortier:** There are also politicians who outside the House have claimed they should not be compelled



to disclose their sources of information. I am reminded of Mr. Eric Nielsen, for example, at the time of the Rivard scandal some years ago.

What are your views, as a journalist, on an M.P. or Senator refusing to disclose his source of information before an inquiry or a tribunal of sorts?

**Mr. Akehurst:** I think it depends in the first instance whether the disclosure of the information is likely to benefit the public.

**Mr. Fortier:** Who decides that?

**Mr. Akehurst:** Are we not talking about Parliamentary privilege?

**Mr. Fortier:** That is why I said "outside the House of Commons".

**Mr. Akehurst:** I think a court of law. I think there should be a judicial procedure for that sort of thing, determining whether it is in the public interest. I think the present government is moving in that direction.

**Mr. Fortier:** Do you think the same concept should apply to the journalist deciding whether or not his source should be kept secret?

**Mr. Akehurst:** I think so. I fail to see what purpose would have been served in requiring Mr. Nielsen to disclose his source of information.

**Mr. Fortier:** That is in retrospect you would agree?

**Mr. Akehurst:** I couldn't see at the time and I don't see now. I can think of many circumstances where it probably would not be in the public interest or of direct benefit to the public, or vital in any sense, to have a journalist disclose his source of information; quite the contrary—it might be important for a journalist to conceal his source.

**Mr. Fortier:** Let us take the example of a journalist who was before us yesterday and who works for *La Presse*, Madam Gagnon. You will recall that some short while ago she published in *La Presse* a story about the content of the report which had been submitted to the B & B Commission. Was it in the public interest that this report be published at that time or was it not?

**Mr. Akehurst:** I don't know what her motives were in publishing the report. I would be inclined to publish it if it came to my attention.

**Mr. Fortier:** To get a scoop or to provide your listeners, or readers in the case of Madam Gagnon, with news they must have today?

**Mr. Akehurst:** To provide my listeners or readers with the information. I don't hold to the view that the correct time to release information is when a government agency or body decides it is.

**Mr. Fortier:** You as a journalist should be in a position to decide when is the correct time?

**Mr. Akehurst:** If you take the position, as I do, that the public should have virtually unrestricted access to public information, I think it follows that there should not be government bodies which decide when.

**Mr. Fortier:** You make that point in the brief.

**Mr. Akehurst:** To be consistent I think we should not abdicate responsibility to government or government agencies to determine the timing of the release of public information.

**Mr. Fortier:** Mr. Akehurst, you are a member of the Press Gallery and you have collectively been described as a member of Her Majesty's Loyal Opposition. Is this justified "criticism" of members of the Gallery that they perform as members of the Opposition?

**Mr. Akehurst:** I don't regard it as criticism. I am rather proud of the fact that there is this other layer—not opposition necessarily but there is opportunity for defence through another vehicle aside from Her Majesty's Loyal Opposition. I don't think that we owe fealty in a loyal sense to any government and I think it is very healthy in the democracy that we do have a free press, another vehicle for defence outside of the elected representatives.

**Mr. Fortier:** Don't you think the members of the Press Gallery tend to be overly critical in their approach?

**Mr. Akehurst:** No.

**Mr. Fortier:** Is the Press Gallery performing a useful role which you ascribe to it?

**Mr. Akehurst:** Yes.

**Mr. Fortier:** No criticism which you would direct to the Gallery as a collectivity? Certainly not to individual members but to the Gallery in collectivity?

**Mr. Akehurst:** That was not your question but if you want me to respond to this one—yes, certainly. I think any institution, such as the Press Gallery, is subject to criticisms. There are a great many weaknesses in the Press Gallery, just as in any other institution. The Press Gallery, you must remember, is merely an organization primarily for the allocation of facilities to Gallery members—nothing more or less. Although it has certain disciplinary function which it performs. I believe I am correct in saying it interprets the Speaker's mandate as far as allocation of facilities is concerned.

**Mr. Fortier:** Do electronic journalists, members of the Press Gallery, have an advantage over written journalists?

**Mr. Akehurst:** I would say we have a disadvantage. We cannot employ fully the tools of our trade.

**Mr. Fortier:** Again a point which you make in your brief.

**Mr. Waters:** On the other hand I think we have a definite advantage in speed and in being able to tape people and get accurate reports on radio and television whereas—and this is no reflection on the press here—often the press report does not come out quite the way it was said because people have to write it down.

**The Chairman:** I have a supplementary question for Mr. Akehurst. This Committee session this morning is privileged, as you know. If it were broadcast on radio would it still be privileged?

**Mr. Akehurst:** May I ask you a question, sir? What do you mean it is privileged? In what sense is it privileged?

**The Chairman:** I will turn to my counsel.

**Mr. Fortier:** In the same sense as any utterance made by a Member of Parliament in the House is privileged, absolutely the same sense. Anyone appearing before a committee of the House or a committee of the Senate is protected from prosecution for anything which he has said while appearing before the committee.

**Mr. Akehurst:** The question is really a legal one.

**The Chairman:** It is.

**Mr. Fortier:** I will answer that there is a lawyer who was retained by the House of Commons three or four months ago to examine the question and report to the Speaker. That is three or four months ago and he is still examining it and he has not submitted a report. It is a very complex question. I won't charge any fee for this advice!

**The Chairman:** When I recommended that we have the Committee televised, because there were many requests made, I was overwhelmingly voted down but nobody mentioned that reason. That is the real problem.

**Senator McElman:** Mr. Ozard, do you believe that the community of Greater Halifax is being well or adequately served by the media of that community today?

**Mr. Bill Ozard, Manager, CJCH, Halifax:** That is a good question, Senator. I think under the economic circumstances of the marketplace—as you know the *Chronicle Herald* and the *Mail Star*, the two newspapers, are owned by one company. The criticism directed towards them is almost constant, justified or unjustified. The argument often put is there should be two separate newspapers, that is, owned by separate companies; and the competitive aspect of the print media in Halifax would be better served if that resulted. I am not all that sure that the economics of the marketplace could support two individual newspapers. I am not a newspaper man and I am not aware of the financial situation of the two newspapers, although I understand they are not starving to death; but whether two individual newspapers could survive is a question I am not able to answer.

As far as the electronic media is concerned I am of the opinion they are well served. The news media aspects of the electronic media of the city are highly competitive and contain some highly skilled men and I am of the opinion that Halifax is quite well served by the media.

**Senator McElman:** Forgetting the economics for the moment, on the print media—I am sure you read the newspapers—do you feel that the great amount of criticism that there has been—and I would refer you to the recent seminar held in Halifax . . .

**Mr. Ozard:** The Encounter? Are you referring to the Encounter series, a week long?

**Senator McElman:** Yes. Do you feel that the extent of that criticism was justified, as a reader of the print media?

**Mr. Ozard:** Let me answer it by saying that I read the *Halifax Herald* and *Mail Star* and I also subscribe to two Montreal newspapers and purchase two other Toronto newspapers because I find the information that I want as a broadcaster and an interested citizen is not fully covered in the two local newspapers to the extent I want it to be.

**Senator McElman:** Thank you, Mr. Ozard.

**The Chairman:** Mr. Waters and gentlemen. I am going to move to terminate the session. To those who were here at the beginning of the session and heard your remarks about the discussion you and I had these many years ago, I must say I have been reflecting this morning and wondering indeed what would have happened to you and to me and a lot of other things if I had accepted that offer. As it is, however, I am Chairman of this Committee and we have a specific task almost immediately ahead of us and that is the writing of the report, because our public hearings end a week from tomorrow morning.

One also wonders about the meeting you had last night at which time you undoubtedly discussed a lot of questions that we did not ask you this morning.

I want to repeat something that I have said, and I know you have heard me say it before—there are many broadcasters, it seems to me, who are sufficiently up tight that it is worth saying. This is not an inquiry into the broadcasting business or into specific stations. It is an analysis, we hope, of the overall media spectrum. I think the broadcasters of this country would have been annoyed if they had not been included in that kind of study. If that kind of study is going to be meaningful, I think you would agree that some reference to CHUM Limited is essential. I would like to express my appreciation to you for bringing so many of your key people, I am sure at a sacrifice.

I am serious about the meeting you had last night and the questions we did not ask. This is not an inquiry or probe. If following the discussion today and following other discussions you have heard, you have other comments that you would like to send along to us, either in confidence or not in confidence, we would be most grateful because I am sure there are other matters you could help us with. Again, thank you for coming.

May I say to the Senators that we are going to receive a brief in a few minutes from Acadia Broadcasting Company Limited of Bridgewater, Nova Scotia. It is now ten minutes to twelve and I would suggest that we reconvene sharply at 12 o'clock.

... Upon resuming at 12 o'clock noon.

**The Chairman:** Honourable Senators, the second brief we are receiving this morning is from CKBW in Bridgewater, Nova Scotia, the Acadia Broadcasting Company Limited. Seated on my immediate right is Mr. John F. Hirtle, Vice President of Acadia Broadcasting Company Limited. On Mr. Hirtle's right is Mr. James A. MacLeod, who is the Secretary-Treasurer.

Mr. Hirtle, the brief you submitted has been received and circulated and studied by the senators. The procedure we follow is that we would like to ask you about the brief and some other matters which are of concern and interest to us. You have heard several of the sessions so you know the procedure. Now I would like you to begin with your oral statement. You have told me that you had not expected to make one, so don't feel that you must, but if you have something you would like to say please do so and we will then proceed to the questions.

**Mr. John F. Hirtle, Vice President, Acadia Broadcasting Company Limited:** Mr. Chairman and members of the Special Senate Committee on Mass Media, ladies and gentlemen. As your chairman has stated I did not realize perhaps I would be required to make any verbal statement this morning. However, in the light of Mr. Waters' eloquence I decided perhaps I better make a few notes upon arrival. So I would just say this, that earlier in my career as broadcaster and businessman learned if I was to head up a successful radio station had to acquire the capacity to delegate authority. Each morning I say this prayer: "The Lord give me strength to teach others to do it rather than to do it myself."

To that end, honourable senators and ladies and gentlemen, I would like to suggest, if I may, that you have any questions which you would care to direct to me I would be very happy to deal with corporate affairs, and I am most anxious that you direct questions to Mr. MacLeod who is not only Secretary-Treasurer of the company and a director but also is station manager and who assumes a responsibility in programming, news, editorial comment, et cetera; and in whom I have implicit faith.

**The Chairman:** Thank you very much. Mr. Hirtle, think the questioning this morning is to begin with Senator Petten.

**Senator Petten:** Thank you, Mr. Chairman. Now I think I should probably direct this one to Mr. MacLeod. I would like to know how a station in small community with such a diverse audience, which includes professionals, farmers, fishermen and pa-



workers develop a program format to adequately serve all of these people? Would you like to expand on this for us?

**Mr. James A. MacLeod, Secretary Treasurer, Acadia Broadcasting Company Limited:** I think, Senator, I would answer that with a publicity slogan that we used at one time: "We are the station that listens to people." We got out into the community, we participate in the community at all levels of activities. We are members of a great many organizations and we encourage our staff members to belong to everything from the tennis club, the yacht club, the golf club; and many of our staff members are country born. Some of them come to work from a distance as great as 30 miles out in the country. We are therefore in contact with all elements of our audience: professional, farm, fish, every day labourers. This is reflected back to us in bull sessions. My office door, for instance, is never locked and seldom closed. The staff drift in—"Have you heard the latest rumour? Do you know what is going to happen downtown today?" And so on and so forth. You get the feeling of the community, you get to know the people and their wants and desires and you get to meet them.

Have I answered the question, sir?

**Senator Petten:** Yes.

**Senator Smith:** Before Senator Petten moves on, may I ask a question? I should be a little more familiar with your general programming than I am, but that is mostly because I am home in the summer months in my home town, which is only 30 miles from where you broadcast, but that is the outdoor season so I don't listen to radio as much. Do you have to think in terms of trying to make up a program that is going to be listened to by all the various income groups? For example, there is a great variation in your audience and when you compose a program of music, put a program of music together, do you think in terms of these various segments of our local society or do you just strike an average so there will be something in each package that would appeal to each one of these groups? Could you say something on that?

**Mr. MacLeod:** May I give you an ambiguous answer? Both.

**The Chairman:** Does that satisfy you, Senator Smith?

**Senator Smith:** Yes, that is all right. I thought maybe you would like to enlarge on it.

**Mr. MacLeod:** We are what you would call a "middle of the road" station. We try to program to please what we will call the majority of our audience most of the time, but at various times during the day we will program exclusively for perhaps one particular segment of our audience. Now perhaps I could give you some concrete examples.

In the past week, for instance, on Saturday, one of our announcers was judging a 4-H public speaking contest, which is a community activity which keeps us in touch with the farming element. On Sunday night for approximately an hour and a half we broadcast Mendelssohn's Oratorio Elijah performed by a local group in the town of Bridgewater, which was minority programming. On Monday night I had a half hour panel dealing with the proposed construction of a public swimming pool in the town of Bridgewater, which was only of interest really to the 7,000 people in metropolitan Bridgewater, which is minority programming.

During the day we will have a plan of programming that is acceptable to most levels of our audience, and then at particular times of the day we will program minority groups. For instance, after the one o'clock news we put on the stock market quotations, which is very definitely minority programming.

**Senator Smith:** I think this is a cross-section of what they do. That brings up another supplementary question, if I might call it that.

**Mr. Hirtle:** Before you go on, Senator Smith, could I add something to what Mr. MacLeod has said. I can say to you, because I know you personally, that early in my career I thought at one time I was going to pursue a musical profession. I very soon discovered perhaps I didn't have the guts or the ability and I moved into another phase of entertainment. However, I was able to do such things as participate in this oratorio which required considerable work because you don't find this kind of talent every day of the week in a small community, when you bring choirs of all denominations together for a period of six or eight weeks and slug it out. An oratorio of this magnitude takes some doing.

At the same time I recognize that we have to program to a large segment of our audience which is completely enamoured by country and western music, as we call it. I don't particularly appreciate the volume

we present of this, but we limit it and have it at specific periods of the day and without it we would be dead. So we must listen, as Jamie says, to our audience.

**Senator Smith:** Mr. Chairman, if we had much more time I might ask Mr. Hirtle about when he appeared on Major Bowes program and I would ask him whether or not he was gonged.

**The Chairman:** Did you get the gong on Major Bowes program?

**Mr. Hirtle:** No. I came fourth in the voting so there were a lot more behind me.

**Senator Smith:** I won't ask my supplementary.

**Mr. Fortier:** Mr. Hirtle, you have, to a certain extent, a monopoly of information in your city. There is no newspaper published there; there is no other radio station and there is no television station. As you say, you have to listen to the people. Do you find that in a situation such as the one in which you are that the broadcaster tends to listen to the people and seek to answer their every need more than in a large city, where he can lead public opinion or where the broadcasters can elevate public taste? You are in a situation where you must reflect rather than lead. Is that correct?

**Mr. Hirtle:** I would say that is correct, sir. I think I can simplify it by saying that with a limited audience to whom we cater, without their support—all they have to do is turn off the dial to any number of American stations that boom into any coastline area of eastern Canada—we just don't have an audience and we are just not in business. So I say to you we must listen to our audience.

**The Chairman:** What Canadian stations boom into Bridgewater?

**Mr. Hirtle:** Either of the Halifax 10 kilowatt stations, the two Saint John 10 kilowatt stations and Annapolis Valley gets into our market. The Bureau of Broadcast Measurement, which is the yardstick we use, still gives us approximately 85 per cent of the audience most of the time.

**Mr. Fortier:** Are you not satisfied that, as long as you provide your listeners in Bridgewater with some local content, they will tend to turn you on and thus allow you to lead them, allow you to educate them? I

am referring not just to citizens of Bridgewater; this could be a city anywhere in Canada or the United States, or the world for that matter. Don't you consider that as one of your primary roles as a broadcaster, not to give them what they want but give them what you think they should have?

**Mr. Hirtle:** I would ask Mr. MacLeod to enlarge on why we felt it was absolutely essential, with the limited budget with which we operate, to develop a newsroom and news operation other than what is called a "rip and read" situation. Before I ask Mr. MacLeod to do that, I would like to point out just a little factor involved in our corporate structure. The first responsibility I had when I went to Bridgewater in 1947 was to go out and sell a vested interest in the radio station. If I may quote Allan Waters, we had the guts to pioneer in establishing a radio station on the south shore of Nova Scotia. We have approximately 210 shareholders, one of whom is the honourable Senator Smith.

**Senator Smith:** I should have declared my interest perhaps.

**Mr. Hirtle:** In 1947, a 4 per cent preferred dividend was a reasonable investment. Today it is not, we recognize that. We still have the support of those 210 people, many of whom are retail business people who are very concerned about the job we do for the business community as well as the community in general.

**The Chairman:** Do you want to talk on the news Mr. MacLeod?

**Mr. MacLeod:** Yes. I think we should add that the area is served by three weekly newspapers. We don't have an entire monopoly on the news situation.

**Mr. Fortier:** Three weeklies published in Bridgewater?

**Mr. MacLeod:** In our general area.

**Mr. Hirtle:** Bridgewater, Lunenburg and Liverpool.

**Mr. MacLeod:** We don't have a monopolistic news situation as far as the local news goes. What we found with the advent of television and the lifting of the barrier on power increases, and so on, we were allowed to go from 1,000 to five and then ten, and so on. Other stations could come into our market while before we had a little preserve of our own and in order to survive

we have to reflect our community lock, stock and barrel. So that if people in our area did not listen to CKBW they didn't know what was going on in their own backyards.

An example would be that in the communities on the south shore there is a volunteer fire department and when a fire breaks out someone rings the alarm and all the volunteers rush to the fire station and then CKBW comes on and tells them where the fire is.

**Senator Smith:** Tells whom?

**Mr. MacLeod:** The audience.

**Senator Smith:** I didn't want you to leave the impression that you were telling the firemen where to go.

**Mr. MacLeod:** The alarm goes to Bridgewater and everybody says "Is it my home?" and they turn on the radio. Little local services like this. When we speak of the news operation it is news, current events, community events, interviewing of people coming through; the whole ball of wax.

**The Chairman:** You say in your brief at number 24 that it takes between \$35,000 and \$40,000 to maintain your news department. Does that include the salaries of the people?

**Mr. MacLeod:** Oh, yes. For instance, I can go for a week, perhaps, without working on the news and then perhaps do nothing for two days but work on news. That is if something comes along that my help is needed in the news department. Ordinarily we have two men who do the routine and a program director who looks after sports, and the announcers are trained.

**The Chairman:** What do you spend on news aside from salaries?

**Mr. Hirtle:** Are you referring to stringers? We have about 22 stringers who provide us with news.

**The Chairman:** Are they paid on a per item basis?

**Mr. Hirtle:** Yes. In addition to that we take the voices as well as the BN regular service. We are a supplementary station of the network and we get voice reports from the network as well. Wherever possible we will use a stringer's voice if the story is of sufficient consequence. We are involved in getting

news from what I shall call a larger community and we are involved with pretty substantial telephone tolls.

**The Chairman:** Thank you. Senator Petten, I think, was questioning.

**Senator Petten:** In paragraph 5 you tell us about the launching of Group One Atlantic. Now it is launched, how is the voyage? Is it a paying proposition?

**Mr. Hirtle:** Not at the moment.

**Senator Petten:** Would you recommend it to other people in the same situation as yourself?

**Mr. Hirtle:** Yes. This is basically the reason we did launch it because we found in discussion, and I have been travelling the Bay Street beat for 22 years, that it is very difficult to go to an agency representing X number of clients and sell your little market on the south shore of Nova Scotia. We grouped our station with another group of stations for sales purposes only, and we have found that the simplification of an advertising agency on behalf of a client placing an order with this group of stations, which means one broadcasting order, one invoice and one cheque and one set of instructions. We do much of the actual physical negotiations from Bridgewater, although we do have a Halifax office in which we have a salesman and secretary. I don't mind saying that this is in the throes of development, but in the past year out of Halifax office we were able to gross approximately \$100,000.

**The Chairman:** Out of Halifax alone?

**Mr. Hirtle:** Out of Halifax alone.

**The Chairman:** May I ask you on Group One what does a spot announcement cost? Let us say that right now it is 20 minutes after 12 and if I wanted to buy a spot announcement at this time on your station, how much would it cost?

**Mr. MacLeod:** Fifty-four dollars for the whole group.

**The Chairman:** For the whole group?

**Mr. MacLeod:** For the whole group?

**The Chairman:** What if I am a car dealer in Bridgewater, how much does it cost him for a spot announcement?



**Mr. MacLeod:** If you are on our one-time rate, \$8. This is \$54 for the whole group.

**The Chairman:** The one-time group?

**Mr. MacLeod:** Yes. Now you are dealing with the local business which is entirely different.

**The Chairman:** If I am a national advertiser in Toronto, is Group One a must buy if I want on to your station? If I am Coca Cola and want to buy your station only, can I do so?

**Mr. MacLeod:** We are attempting to make it a must buy if there is distribution of the product in all markets.

**The Chairman:** With Coca Cola, the case in point, I am sure there is. So they could not buy just on Bridgewater, they would have to buy the group?

**Mr. Hirtle:** There is an advantage in buying the group in that they get a discount.

**The Chairman:** But the question is: Can I buy Bridgewater only if I am Coca Cola?

**Mr. MacLeod:** Not without sufficient reason and just cause.

**Senator Smith:** How long is a spot? Is it always the same length of time?

**Mr. Hirtle:** It is usually regarded as 60 seconds. What we refer to as a flash is usually regarded as 30 seconds.

I can give the chairman an example where there would be an exclusion in buying one station in the group and this would be in a particular instance where, for instance, Peter Jackson had a thousand dollar winner in our area and it would not be of interest to Imperial Tobacco to advertise that fact in the other Group One Atlantic stations. Under those circumstances it would be Imperial Tobacco's privilege to buy one station.

**The Chairman:** Are Group One rates available to local advertisers?

**Mr. MacLeod:** They are more expensive so I don't see any reason why a local advertiser would want to buy Group One.

**The Chairman:** They are more expensive to local advertisers?

**Mr. MacLeod:** Yes.

**The Chairman:** Has Group One ever considered doing joint programming or joint newscasts? I am sure you have considered it. Why have you not done it?

**Mr. MacLeod:** We have areas of co-operation, yes. For instance, when the Nova Scotia Fisheries Exposition is on in Lunenburg we have provided tapes of certain events to other stations. When the Annapolis Valley Festival is on, they provide certain tapes to us, and so on. Whenever any member of the group requests co-operation it is there for the asking.

**The Chairman:** If the high school hockey team from Truro was playing in your city . . . Is Bridge water a city?

**Mr. MacLeod:** A town. Five thousand population.

**The Chairman:** I was in Bridgewater last summer as Senator Smith knows. In any event, in that case would you feed that information back to the station?

**Mr. MacLeod:** If they requested it.

**The Chairman:** There is no set format of program for all the stations?

**Mr. MacLeod:** No.

**Mr. Hirtle:** We do employ Telex between all the stations and for this reason we discussed this recently as two weeks ago and the question of employing the Telex to disseminate information came up.

**The Chairman:** Has Group One ever considered package with a Halifax station? If I want to buy Halifax and Group One . . .

**Mr. MacLeod:** We are a little exclusive. We are waiting until they are good enough to join us!

**The Chairman:** Has that ever been considered?

**Mr. MacLeod:** Yes. The basis of Group One is that we are attempting to sell the national advertiser rate in Nova Scotia in one package, as compared to buying

the urban market. We say "Buy Group One in rural Nova Scotia with a potential audience of 335,000."

**The Chairman:** Who is Group One's toughest competition for the advertising dollar?

**Mr. Hirtle:** The metro-Halifax stations.

**The Chairman:** Not the weekly newspapers?

**Mr. Hirtle:** No.

**Mr. Fortier:** Who are the shareholders of Group One? How are the shares apportioned between the different member stations?

**Mr. Hirtle:** There is no corporate arrangement in essence. Group One Radio Limited—is only our Toronto, Montreal, Winnipeg, Vancouver sales offices—Group One Radio Limited, as distinguished from Group One Atlantic. Group One Atlantic is just a sales tool, if you wish. There is no association.

**Mr. Fortier:** Who are the shareholders of the limited company, the sales company?

**Mr. Hirtle:** I may be incorrect in my actual terminology as to members, but the President of Group One Radio Limited is Bev Martin and I believe his uncle, Bill Byles, has a substantial interest in Group One Radio Limited.

**Mr. Fortier:** Who are these people?

**The Chairman:** I know them. They are radio representatives.

**Mr. Hirtle:** Stovin-Byles Television Limited in Toronto.

**Mr. MacLeod:** This is just our representative firm. They obtain business for us on a commission basis. They have no voice in the station.

**Mr. Fortier:** I was misled by the Group One terms.

**Mr. MacLeod:** A similarity of names.

**Senator Petten:** In paragraph 6 you mention that sooner or later you may sell. In another part of your brief, if I remember correctly, you say the remuneration has not been that great from the station in early years, and where one could possibly make it worth while is when you sold the station. You say it has a

market value of \$500,000, but you doubt if you could get this in the present market.

Maybe I have gone a little around it, but do you see what I am driving at? Would you sell it because of the White Paper on taxation, or estate taxes, or would you sell it to make a profit?

**Mr. Hirtle:** If I could use an example, a personal friend of mine in Truro has recently sold the daily newspaper and five weeklies that he owned to an Ontario publishing house and was retained in a management capacity. I think he was very anxious to realize a capital gain and has successfully done so.

**Mr. Rogers,** the president of the company, myself and **Mr. MacLeod** have had a substantial vested interest in the company since its inception, and I think earlier in the brief a reference was made to the initial salaries paid the three of us as directors of the company, and there was no figure that was less than \$100—would you believe \$50 a week in 1947? We have progressed considerably since then, but having put all this blood, sweat and tears into the establishing of a relatively small corporation, I question, with the way in which perhaps certain legislation is moving, that we can realize anything for our 25 years of effort.

**Senator Petten:** I come from Newfoundland so I believe.

**Senator Smith:** I want to make this point. **Mr. Hirtle,** you and I are not too far apart in ages and what have we got to worry about when we have ownership of shares that might in the future be appreciated to the extent where capital gains tax would have any effect at all? Are you thinking about your own personal position and that of **Mr. Rogers** and **Mr. MacLeod,** or are you thinking of those who might later buy your operation and be in the time period when they may or may not be subject to capital gains tax? You know that when the D-day comes in five years time that that gain is only the gain that is proposed to be taxed according to the White Paper. I don't understand what your personal worry is. I am a little puzzled by your own attitude on this thing in view of the age you and I are now getting into. I am a little more concerned about the incentive there would be for someone to start another radio station in the area or some other area. They would have to take another look at whether this would be a good economic thing to do because they may or may not be faced with a capital

gains situation right from the beginning of the operation. This company has built up its gain, and in five years time I would hope that John Hirtle would not be working as hard as he has worked over these many years.

**Mr. Hirtle:** I would think if I were to retire at the normal retirement age—I am ten years from retirement—the thing that has me concerned now is whether Lester Rogers and myself, who own 55 per cent of the common stock of Acadia Broadcasting—can, in effect, locally, find an investor who would pay, according to the formula generally developed within the industry, the money that we feel should be realized for the sale of Acadia Broadcasting. I don't believe that any members of our staff would be in a position to realize this kind of money.

**Senator Smith:** Does the capital gains concept have anything to do with whether or not your station is now salable to others?

**Mr. Hirtle:** I would say "yes".

**The Chairman:** You have a concern, Mr. Hirtle, but the kind of concern a lot of Canadians would like to have. Would you agree with that?

**Mr. Hirtle:** Yes.

**Mr. Fortier:** Is it a concern which is translated in your mind as attracting special treatment by the Government? In other words, should broadcasting companies such as yours who have acted as pioneers in your community be treated differently from other corporations or other companies?

**Mr. Hirtle:** No, certainly not.

**Senator Petten:** In paragraph 11 of your brief you say that "Broadcasting is over-legislated. No other media has been subjected to so many enquiries or Royal Commissions. No other media is required to live within so many legislative regulations. No other media is subjected to the punitive measures that can be applied against broadcasting." Despite all these regulations are they not compensated for by the fact that the CRTC also protects you against competition, or would you rather see a totally unregulated industry? Say I want to go to your neck of the woods and put up a radio station, I can't.

**Mr. MacLeod:** I think, sir, that we make it clear that legislation is necessary to control broadcasting

but not over-legislation. May I give you some examples?

**Senator Petten:** If you would, please.

**Mr. MacLeod:** This is the statistical report we had to file at the end of our fiscal year. It is 24 pages long. That is an auditor's nightmare, breaking down all the little nitty gritty of our expenditures. Have you ever examined one of those, sir?

**The Chairman:** I have examined one. I don't think that is an example of over-legislation.

**Mr. MacLeod:** Well, it is a hardship to us.

**The Chairman:** I am sure it is but Senator Petten's question really was: Is it a hardship which is not in part compensated for by the advantage you enjoy and the fact that Senator Petten and I cannot operate a radio station, if we have the money and the desire; the CRTC would not let us.

If you have other examples I would like to see them.

**Mr. MacLeod:** I think the CRTC would be acting in the public interest.

**The Chairman:** And they would also be acting in your interest, wouldn't they?

**Mr. MacLeod:** Yes, in our interests, too.

**The Chairman:** If you have other examples—know these things are not fun to make out.

**Mr. Hirtle:** I could just cite an example. I am spending more time doing work for branches of Government than I do in broadcasting.

**Senator Smith:** You ought to hire more staff!

**Mr. MacLeod:** This is a little form we had to fill out for a transfer of shares up to roughly six or eight months ago. Very simple. Now they are replaced by, I believe, an eight page form and it taking us as long as four months to get a routine stock transfer through the CRTC. This is holding up estate settlements, and so on. I am not referring to changes of ownership or control of the company. I am referring to a hundred dollar shareholder who wants to give his shares to his son or whose estate has to be settled. Four months to get a routine transfer through. When it comes to the food and



drug advertising we have to have approval in advance by the Department of National Health and Welfare.

**The Chairman:** Are you against that?

**Mr. MacLeod:** Is it fair that we should have to have it approved in advance, a process which takes as long as three weeks, while our competitive media can print it immediately?

**The Chairman:** Which would you prefer to see? Would you prefer to see that their material has to be checked or that yours does not? The public are being protected in broadcasting and you say they are not being protected in print.

**Mr. MacLeod:** I am saying there is discrimination.

**The Chairman:** I take your point. I am wondering which you would prefer to see? Would you prefer to see that the food and drug regulation, as it applies to broadcasting, be removed; or do you think it would be in the public interest to see that there is a similar regulation in other media?

**Mr. MacLeod:** I think the regulation should apply to all media to protect the public.

**The Chairman:** Rather than seeing it removed from broadcasting?

**Mr. MacLeod:** Yes. Because today you don't know what you are eating or drinking. All of a sudden it comes out that the glass there contains cyclamates and you are going to get cancer. The public does need to be protected. I don't argue against that point. I think we should be able to advertise anything that is on the label of the product. If it is cough syrup and it is approved by the Department of National Health and Welfare to be on the market, and certain claims are made on the label, and those are approved, I see no reason why we cannot broadcast the claims on the label without going through a three weeks delay. The drugstore who wants to advertise is going to say "I am not going to wait three weeks to get on the air. I will run this in this week's newspaper instead."

**Senator Smith:** On this very point may I ask what have you done to try to get this change? Have you done anything through CAB or on your own behalf? What have you done?

**Mr. MacLeod:** To a previous administration—Liberal Mr. Rogers wrote a series of letters and they

did result in some lightening of the burden to the extent we were allowed to name item and place. At one time it was illegal for us to use the phrase "fresh corn". You could say that somebody had corn to sell but you couldn't say it was "fresh corn" because you were making a claim about it and we had to submit the copy. On cosmetics, soaps, patent medicines—we can now name the item and place providing we make no claim. We can say "You can buy Super Plenamins at Rexall drugstore." We cannot say "Your family needs Super Plenamins because they contain 150,000 units of vitamin A." We cannot make a claim. Now we can name the item and place, and up to two, or three, or four years ago we couldn't go that far.

**The Chairman:** Isn't the Department of Consumer Affairs moving in exactly the opposite direction to the one you are recommending? It is my understanding, just following the press and the things they are doing, they are moving in the other direction. They feel the public should be receiving increasing protection.

**Mr. MacLeod:** I would agree with that theory, the public does need increased protection with today's new drugs, new products coming up, new food, new hormones that go into face creams. The public does need more protection. The point I am making is that once the product is approved and goes on the market and the label is permitted to go on and it makes certain claims, then we should be allowed to air.

**Senator Smith:** If I pick up next week's *Bridge-water Bulletin* and find an add for Super Plenamins saying "Super Plenamins are good for you, take your spring tonic in the form of Super Plenamins..."

**Mr. MacLeod:** Yes.

**Senator Smith:** You mean you cannot broadcast that kind of claim?

**Mr. MacLeod:** Not without prior approval.

**Senator Smith:** And this is a regulation under the supervision of the Food and Drug Act administration and not the CRTC?

**Mr. MacLeod:** It is a combination of both.

**The Chairman:** It is the Food and Drug Regulation. We should make it clear that they can broadcast it after it is cleared.

**Senator Smith:** Can you make a claim if it is cleared?

**Mr. MacLeod:** Yes.

**Senator Smith:** And what you complain about is that you have to wait three weeks, or something.

**Mr. MacLeod:** Yes.

**Senator Smith:** Do you ever lose business because of this point?

**Mr. MacLeod:** Yes.

**Senator McElman:** A supplementary. I understand all these aggravations of forms you have to fill in and so on. To get back to the basic question, as I understand it U.S. broadcasters are subject to similar aggravations, and yet in the U.S. broadcasters licences are handed out, particularly in the radio field, almost like wheatcakes. Would you prefer that sort of a situation?

**Mr. MacLeod:** No. I don't think it would be in the public interest in Canada. That is a personal opinion.

**Senator McElman:** Then you would agree that you have some protection in this country licence-wise, and looking at the economic aspects, the viability of your station. You have protections in this country that don't apply at least in our neighbouring nation.

**Mr. MacLeod:** Right. I qualify by saying that protection is in the public interest, not our private interest.

**Senator McElman:** Oh well, is it not very much in your economic interest that you have such protection?

**Mr. MacLeod:** You need at least 75,000 fairly prosperous people to start an AM radio station. Put another radio station in our area and all you have is two very poor radio stations and it is just a question which one is going to go belly-up first.

**Senator McElman:** I ask again is it not in your economic interest? Let us say there were . . .

**The Chairman:** In fairness I must say that I think the witness has answered the question once, but go ahead, pursue it.

**Senator McElman:** Let's say there was a very wealthy entrepreneur in your area who could stand the gaff of a break-even or less-than-break-even situation and simply wanted the prestige of owning and operating a radio station. Is it not in your very real economic interest that he would not receive such a licence under our regulations?

**Mr. MacLeod:** Yes.

**Senator Petten:** I wonder if you would tell us about the turnover and staff. You recruit staff locally, you say?

**Mr. MacLeod:** Yes.

**Senator Petten:** Do you have much of a problem with them leaving and going on to possibly greener pastures or the larger stations? Do you have much of a turnover?

**Mr. MacLeod:** Yes, it is a constant problem with us. When we get back to Bridgewater we will count the announcers. There just is not an adequate training program anywhere in Canada for the type of personnel we require. There are institutes such as the Ryerson Polytechnical Institute in Toronto which is turning out broadcasters after a three year course. There is the Career Academy, a four months course costing \$1,000 which teaches some of the basics. To really find staff we will have to winnow through 50 or 60 auditions to find a possibility. We take somebody as green as grass and we spend a couple of years training him and putting a considerable investment in time and effort into his training and then he says "Now I know my job and I am worth more money and either you give it to me or I go on to a metropolitan station." A lot of our lads have moved on to greener pastures because we cannot meet the metropolitan stations as far as salary scale.

**The Chairman:** Mr. MacLeod, a few minutes ago Mr. Hirtle said he started at \$50 a week in 1947. I might say that was \$12.50 more than I made in private radio four years later. What would you state a disc jockey at in your station now in round figures?

**Mr. MacLeod:** In order to have a 19-year old boy and hold him, to train him so that he might become a competent broadcaster, around \$75 a week.

**The Chairman:** So the pay scale in private radio stations like yours has increased considerably.

**Mr. MacLeod:** Just to get them to come into broadcasting in competition with any other type job they might take.

**Senator McElman:** Would you consider paying a higher rate to bring in a first class broadcaster, electronic journalist from, say, Halifax, to improve the calibre of programming?

**Mr. MacLeod:** We have attempted to do that, sir. They won't leave the big leagues for the bush leagues.

**Mr. Hirtle:** There is a status symbol involved.

**The Chairman:** What concerns me about your answer, and I accept it, you say they won't leave the big leagues for the bush leagues. I am sure that Senator Smith, who lives in your community, does not consider himself a bush leaguer, and I know you don't consider your audience as living in the bush league. Broadcasting is, if anything, more important to the citizens of Bridgewater, I would suggest, than it is to the citizens of Toronto where I live where we have lots of stations.

Does it concern you that you have to use inexperienced people? What is the solution to the problem? In other words, you mentioned the bush league. You are not a bush league broadcaster. You would not describe yourself as that nor would we. What can be done in small stations? That is one of the reasons we wanted to have a station like yours here before the committee. It is fine to have Allan Waters and CFRB and we are terribly interested in them, but it is also important to us that we talk to people like you. The listeners in Bridgewater are as important as the listeners in Toronto. You serve them to the best of your ability but what can be done to help you serve them better?

**Mr. MacLeod:** May I go back to an earlier question in the brief? We say our best staff members are those who are born and brought up in our area, and who want to remain in our area, who don't want to migrate. We have tried to bring in experienced news writers and pay them higher than average salaries for their part of the country but they just won't stay, they want to go to the metropolitan stations where there are more exciting things to do such as covering the Legislature, or where the Supreme Court sits, or where they can be parliamentary correspondents and where they have an unlimited news budget and a larger staff to work with.

**Senator Smith:** Mr. MacLeod, don't these people ever balance off the great benefits there are from living in our particular area? I am not apologizing for saying things like this, because I am sure our chairman knows the situation. Don't they balance off the great benefit of being able to play golf on either one of three golf courses that exist there, seaside golf courses, the most beautiful things in the world, for about \$55 a year. You cannot even get in the front gate of a Toronto golf club for less than \$1,500. There are other things that enter this that are just as free as anything and I can't understand these city slickers wanting always to remain city slickers.

**Mr. MacLeod:** In my experience I have only known one man who was bright enough to know that situation.

**Senator Smith:** Is that James MacLeod?

**Mr. MacLeod:** Yes.

**Mr. Hirtle:** If I may enlarge on your point and still answer perhaps the question of the chairman. In the last, I would say, probably three years, we have had two people come to us from metropolitan Montreal. They had some basic training and came to us to enlarge upon their training. One of the boys is still with us. We gave him to understand fully he would not become in any way shape or form qualified to make a move under two years. The other chap is now on the news staff of CFRB. We have contributed, through the dint of training, three of the present managers of Nova Scotia radio stations. On the same basis my engineer has been with me since the inception of the station; my sales manager has been with me since the inception, and Mr. MacLeod has been there since 1949. We have a traffic clerk who has a photographic mind who has been with us 18 years, so we don't need a computer. Our program director has been with us 16 years. We have key people who are the basis and background and the backbone of our operation so we have to live with this business of being a training ground for junior people.

**The Chairman:** This is not a criticism. I don't think you should describe yourselves as being in the bush leagues.

**Mr. MacLeod:** We don't. We are quoting what others think of us, I suppose.



The Chairman: Well, you shouldn't.

Mr. Hirtle: If I may just bring up a point. In our brief there was a reference initially to certain people who were "no more qualified to operate a radio station than a doctor, lawyer or Indian Chief". I crossed out "Indian chief" because I was afraid somebody would say "racist". I could just as well use the expression "butcher, baker, candlestick maker." This was the intent.

The Chairman: Could I ask a couple of other questions? You are complaining, I gather, about the Nova Scotia Labour Code restrictions, the number of hours worked?

Mr. MacLeod: The Canada Labour Code.

The Chairman: You are complaining about that?

Mr. MacLeod: I am not complaining about it. I brought out this point on Monday afternoon when I was invited to sit in on the session with the regional director of the Canada Manpower Centre in Bridgewater. This provision of the Labour Code makes it difficult to train junior staff. We are way above the \$50 minimum salary when we bring these people in. It is enough of a hardship to have to support them like the Salvation Army for a year until they learn to be useful, let alone to have to pay them overtime to learn. A lot of our broadcasting is done at night.

If I may carry that subject further, the first year a man comes to our station he has to go through various cycles, seasonal cycles of our operation. There is what we call the Christmas rush, the mid-winter lull when we sit around and do our routine work. We have our exhibition season, we have various spring activities, and so on. When a new man comes we would like to send him out to observe how each of these different things is done during his first year. The second year he is with us he is told "All right, last year you saw how it is done. This year you go out and do it." So it takes a full year with us to see how a radio station operates. A radio station does not operate the same on January 1 as it does on July 1. They are seasonal.

The Chairman: Do you pay overtime to these people then?

Mr. MacLeod: We have to.

The Chairman: Isn't it a good thing? The starting salary in Bridgewater now is \$75. That is hardly

inflation. That is the fact that the private stations in this country have started paying a living wage to people. Isn't that a happy development?

Mr. MacLeod: A very happy development, sir. I started there at \$32.50.

The Chairman: Don't you think it is good that people don't start there at \$32.50 now?

Mr. MacLeod: Yes.

The Chairman: I am not putting words in your mouth. I think this has been the great shame of private broadcasting in this country and presumably it is now ending.

Mr. MacLeod: The shame of private broadcasting . . . during the years we have always paid what we could afford to pay. It has taken us 20 years to build the station up to a point where we could afford to pay \$75 to a 19-year old.

The Chairman: I am thinking of stations that couldn't make that statement. I accept your statement at its face value.

I have a couple of other questions. At section 8 of the brief you say that when newspapers and radio stations are jointly owned, radio appears of secondary importance. Do you have any specific example in mind when you made that statement, Mr. Hirtle?

"We can express the opinion that radio appears of secondary importance in such an affiliation.

What situations were you thinking of?

Mr. Hirtle: I think in many instances the broadcasting end of a partnership such as this is very often the tail wagging the dog.

The Chairman: I know what you mean, but what an example? You must have had something in mind when you wrote it. I don't want to tie you down, but surely you had something specific in mind.

Mr. MacLeod: Perhaps we could satisfy the senate with one answer. We both started our professional careers at CHNS in Halifax, which was owned by the Halifax Herald Limited, and although we were both junior announcers at the time it was obvious that the board of directors who were running the broadcasting company were newspapermen and not broadcasters and we felt the direction was flowing from the newspaper to the station.

**The Chairman:** In section 15 you say:

"Freedom of the press carries with it the responsibility not to interject into family listening topics that would be distasteful or unsuitable for those of immature years."

Presumably the judgment is made by you and Mr. Rogers. It is an awful responsibility. Who is John Hirtle, if I may say with great respect, to determine what is distasteful or unsuitable for the listeners of Bridgewater?

**Mr. MacLeod:** May I give you an example when I say it CHNS many years ago an announcer went on the air and described a news item where a little girl was killed in an automobile accident and the reporter went into such details of the accident—she has been decapitated and this was part of the news story. The next day that particular announcer got a phone call from a little girl's mother and the mother said "My little girl heard that news item and she cried all night and kept repeating 'mummy, they cut her head off.'"

There has to be some judgment used in how far to go.

**The Chairman:** I can see that, but how do you make that judgment?

**Mr. MacLeod:** Hopefully we do it through experience of broadcasters.

**The Chairman:** When does judgment become censorship? Is there that danger?

**Mr. MacLeod:** Yes, an ever-present danger.

**The Chairman:** Which concerns you and which you live with?

**Mr. MacLeod:** Yes.

**Senator Smith:** Mr. Chairman, will you give me a chance for a question? At the very last part of the last paragraph in the material you were good enough to send us you wind up with the statement:

"If you owned a radio station and your licence was going to be reviewed at intervals of two to five years by a politically appointed body, would you have the courage to take a political stand?"

I quote that to also say that this is not the first time we have had evidence that there does exist fear on the part of the broadcasters. Apparently they are fears

entertained mostly by smaller broadcasters, the fear of offending somebody in the political sphere or in one of its agencies, and apparently it is a real fear because we have had it expressed. The big fellows haven't indicated they are particularly concerned.

What puzzles me is that at paragraph 26 of the first part of your material you refer:

"At the federal level, our efforts have often been met with contempt."

You use words like: you "have been vilified and ridiculed by those set in authority over us."

If you mean what you say in the last paragraph you must be scared to death now that the CRTC is going to take away our licence after attacking them in that form.

I found it interesting and I would like to have you say a word.

**Mr. MacLeod:** Senator, the cats are away and the mice are playing today at our station. One of our employees with less than a year's experience could put us in hot water and we could be punished to the extent of \$25,000 for a first offence, and \$50,000 for a second offence—no more Acadia Broadcasting Company.

**The Chairman:** What kind of offence would that be that the penalty would be like that?

**Mr. MacLeod:** It is difficult to say. There are so many rules and regulations of Broadcasting Act and regulations of the CRTC.

**The Chairman:** That would occasion a \$25,000 fine?

**Mr. MacLeod:** That is a hypothetical question because the fine has not been imposed.

**Mr. Hirtle:** It still is a viable threat.

**The Chairman:** If I may pursue Senator Smith's question. If you were the chairman of the CRTC would you not want some of that kind of authority? In other words, is it not in the interest of the citizens of Bridgewater that when you two gentlemen are kind enough to come before our committee and be in Ottawa that you have the kind of mice, to use your word, in whom you have enough confidence they are not going to do these things.

**Mr. MacLeod:** Yes; but they could make an honest mistake.

**The Chairman:** Do you believe if they made an honest mistake it could result in a \$25,000 fine?

**Mr. MacLeod:** We don't know.

**The Chairman:** Has it ever happened?

**Mr. MacLeod:** Not yet.

**Mr. Fortier:** That is the maximum, of course, Mr. Chairman. Section 29 of the act says that an infringement of any provision of the Act or any regulation enacted under the Act would make the broadcaster liable to a fine not exceeding \$25,000 for a first offence and not exceeding \$50,000 for any subsequent offence.

**Mr. Hirtle:** Perhaps, Mr. Chairman, I might answer Senator Smith when he reads the question:

"If you owned a radio station and your licence was going to be reviewed at intervals of two to five years by a politically appointed body, would you have the courage to take a political stand?"

I have been accused, as you may or may not know, of being a fence-sitter. I number you among my personal friends and I also consider the late Honourable Robert H. Winters a personal friend of mine. At the same time, my father was the honorary president of the P.C. Association, so I get tarred with that brush. But I have never taken a political stand. I have been accused by Gerald Regan, who is the Leader of the Opposition in the Provincial Legislature, of being a fence-sitter. I feel perhaps in my judgment that is a logical position to take.

**The Chairman:** Why is it a logical position to take?

**Mr. Hirtle:** I feel I have to try to be all things to all people.

**The Chairman:** We have had Mr. Bassett before the committee, from CFTO television in Toronto, and they are coming again. He is a very active Conservative. We have had Mr. Waters here this morning and he is an active Liberal.

**Senator Smith:** I want to remind you, Mr. Chairman, that Mr. Rogers and Mr. Hirtle, the president and vice-president of the company, still would permit Mr. James MacLeod to be the Liberal candidate back in

1958 in the constituency. I call the vice-president who is running the show being non-partisan. Perhaps it is a group that you could describe as non-partisan and perhaps it is growing. I am sure he has opinions and if he were not a broadcaster and in the newspaper situation I think that Mr. Hirtle would from time to time take a stand. I don't know what this stand would be, but you know what my hopes would be.

**The Chairman:** I am interested in the point you raised as to whether or not . . .

**Mr. MacLeod:** We are pointing out a fear in the industry.

**The Chairman:** It is apparent to me in the last two days that it is a fear of small broadcasters and that the big broadcasters don't have it. We put this very directly to Standard Broadcasting people and we deal with it with CHUM people. They clearly indicated they did not have this fear. On the other hand Countryside yesterday morning sure had it, and obviously you fellows have it.

**Senator Smith:** Mr. Chairman, perhaps I could conclude my part on this whole program by indicating that somebody who has been pretty close to the CRTC has told me—and I have a note of it—that if there were more broadcasters like CKBW there would be no need for broadcasting regulations. Somebody who knows the situation in general is paying you the greatest kind of compliment while you use the worst language I have heard against the CRTC. It was just a puzzle to me.

**Senator McElman:** I was going to ask a supplementary. In view of the political reference, is it the opinion of the witnesses that the CRTC then is politically motivated or politically controlled?

**Mr. MacLeod:** We have the fear, sir, we will put that way. Whether or not the fear is justified, I would have to leave that up to you to decide in your conscience.

**Senator McElman:** A fear that it is politically motivated?

**Mr. MacLeod:** Yes, we have the fear. Appointments to the CRTC are made by the party in power.

**Senator Smith:** So are judges appointed on the basis, Jamie.



**Senator McElman:** Have you any evidence to base that upon?

**Mr. MacLeod:** Nothing concrete, sir; like a fear of falling, a fear of high places, or what have you.

**The Chairman:** I wonder perhaps if we could terminate this part of the discussion by asking Mr. MacLeod if he were perhaps the Prime Minister of Canada or a member of the Cabinet, if there is any recommendation he could make to our committee which we might recommend in our ultimate report, as to some way in which his fear could be removed. In other words, what can be done that is consistent with good broadcasting in Canada that would alleviate your fear?

**Mr. MacLeod:** Well, some of the Broadcasting Act obviously has been designed to control the large broadcasting stations but if you are a mosquito you would hate to be hit by a sledge hammer.

**The Chairman:** You have not answered the question, really. How should the system be changed to alleviate our fear? That is my question.

**Mr. MacLeod:** You have given me a problem. It could be solved by the Prime Minister.

**The Chairman:** It is a problem you think should be solved. Obviously you have this fear.

**Mr. MacLeod:** The tenure of office of members of the CRTC should be for a length of time that they could not be supplanted following any election or change of government.

**The Chairman:** That is the situation now.

**Mr. MacLeod:** The Broadcasting Act—I see no reason for the \$25,000, \$50,000 fine business. I feel it should be like any other federal statute, the maximum amount is \$10,000.

**The Chairman:** You would have less fear if the maximum fine was \$10,000?

**Mr. MacLeod:** I wonder why broadcasting was singled out, sir. The federal statute, I think, the maximum fine—I may be wrong—is \$10,000.

**The Chairman:** You would feel better if the fine were \$10,000?

**Mr. MacLeod:** I think it should be treated as the Government is treating other things.

**Mr. Fortier:** I think it should be pointed out that the fine is not imposed by the CRTC. The fine would be imposed, Mr. MacLeod, by a court of law. If you read section 29 you will see every licensee who violates the provisions of any regulation applicable to him made under this part is guilty of an offence and is liable on summary conviction. So it is not the CRTC who assesses the fine, it is a regularly constituted court of law.

**The Chairman:** I don't want to spin this out endlessly. You have the fear and we respect your fear and we would be interested in any solutions you might want to recommend to the way in which the thing could be structured to alleviate the fear.

Perhaps I could close off the questioning by expressing a fear I have and you can make me less fearful by your answer. I was rather alarmed by the reference in an appendix to the brief:

"What is wrong with 'Americanization'? " Then you go on and there is a very pro-American paragraph. It is in the appendix at page 12.

I should make myself very clear. I am not anti-American. You make this clear in your brief. You say:

"Despite our close ties with the U.S., we feel we have maintained our identity as Canadians."

I would like you to comment on this. If you feel as you do so strongly in the opening part of that paragraph, perhaps you won't maintain your identity for long. In other words, how are you pro-Canadian? How do you demonstrate? You say you have maintained your identity as Canadians. How do you maintain your identity as Canadians and feel as you do about Americanization?

**Mr. MacLeod:** There you get into personal feelings. You might well say "Why do you love your wife? "

**The Chairman:** You say "What is wrong with 'Americanization'? " I guess what I think is wrong is the ultimate end of Americanization is our country would disappear.

**Mr. MacLeod:** I submit to you, sir, this proposition. There is such a thing as a Canadian. I am a Canadian citizen, I am a seventh generation Canadian on my mother's side and a fifty generation Canadian on my father's side. My forefathers came to this country and

broke the virgin soil and set up their farms and their leaseholds, and so on. There is engrained in me a sense of identity that I am a Canadian. When I was in the Air Force during the Second World War and I was in Great Britain, I felt I was visiting my grandparents. When I go on a vacation to the United States, I feel like I am visiting my cousins, but in my heart when I am here I am at home and I am a Canadian and I do not want to be an American.

**The Chairman:** You don't want your cousins to move in and take over your house?

**Mr. MacLeod:** No.

**The Chairman:** Neither do I.

**Mr. MacLeod:** On the contrary, It is a Canadian identity. We have taken the best of two worlds. We have taken the culture of the old world and the technology of the new and are clever enough to stay in the middle between the two and we have no close alliance now with Europe and really no close alliance with the United States, and we are having the best of two worlds. Why object to it?

**The Chairman:** I agree with your statement but I don't think it is inconsistent to suggest that we have also taken the worst of two worlds and that is what concerns me. We have a national purpose to sort out what is good and what is bad in all the cultures that are flowing in upon us. It is only if we do so, it seems to me, that we can remain distinctly Canadian.

I am not questioning your Canadianism for a moment, but I must say I was alarmed. I defer to your Canadianism, which is as strong as my own, of course.

**Senator McElman:** There is one area that alarms me a little bit. In paragraph 18 on the main brief you say:

"We do not believe there is an establishment which controls the mass media in Canada or any one of the media. There are, however, in our opinion, major organizations which exert a great deal of influence. We would point out the influence exerted by a relatively small number of columnists, editors and commentators in the leadership conventions of the major political parties held in 1967 and 1968."

What are these major organizations which exert a great deal of influence on the media?

**Mr. MacLeod:** CBC is one, sir.

**Senator McElman:** It is not in the Establishment sense then that you are speaking as influence; the lesser use of the word "establishment"? You are talking about the private sector?

**Mr. MacLeod:** I am saying that there are groups here, there are major organizations which exert a great deal of influence. There are very prominent newspapers in Canada which exert a great deal of influence.

**The Chairman:** Which ones?

**Mr. MacLeod:** The CBC.

**The Chairman:** Which newspapers?

**Mr. MacLeod:** Toronto, Ottawa, Montreal press.

**The Chairman:** Do the Toronto newspapers exert great influence in Bridgewater?

**Mr. MacLeod:** Yes.

**The Chairman:** How does that work?

**Mr. MacLeod:** It feeds down the line. Now we are getting into the political field and I am a rather rustic politician right now. Let us go back to the Diefenbaker years.

**The Chairman:** Before you do, you didn't pick a vintage year to be a Liberal candidate.

**Mr. MacLeod:** No, I discovered that. In 1957 the press was enamoured of Mr. Diefenbaker. He could do no wrong. When the press turned against him he could do nothing right. In the Liberal Leadership Convention we had the press—by "the press" I include radio and television, we are all members of the press—well, shall I call it, the hysteria of Trudeau-mania which established a man who was almost obscure the Liberal party overnight into the leadership. There was a great deal of influence there in the mass media.

**The Chairman:** The question we have to ask is: Was it created Trudeau-mania, the people or the press?

**Mr. MacLeod:** I can only give a personal opinion on that. My personal opinion is a few of the press did.

**The Chairman:** Could the same kind of mania have been created for another candidate? This is not

partisan discussion. Could the same thing have happened to somebody other than Mr. Trudeau?

**Mr. Hirtle:** Certainly.

**Senator McElman:** You say:

"A relatively small number of columnists, editors and commentators" exercised this influence. Once they started the ball rolling, the other media joined the song. Is that what you mean?

**Mr. MacLeod:** That is about it.

**Senator McElman:** They were influenced by a small little group of people who have gained ascendancy in the prestige in the media?

**Mr. MacLeod:** That is right. Your little people will say "Well, so and so is such a well known columnist if he is such a strong supporter of so-and-so perhaps I would follow his lead". And it builds up into a snowball effect.

**Senator McElman:** Would you be surprised, Mr. MacLeod, that when we heard from the representatives—one or two who remained in that group—of the media themselves, they denied vigorously that there had been any such attempt made.

**Mr. MacLeod:** I leave it up to you, sir. You saw television, you heard radio, you saw the press.

**The Chairman:** Perhaps on that note I could include . . .

**Mr. Hirtle:** Mr. Chairman, could I return to one point that Senator Smith made. I think we came here and we are prepared to stand up and be counted. I would like to say to you, Senator Smith, that in a community the size of Bridgewater and/or Liverpool you have to become involved in the community. Perhaps you don't always sit on your haunches, perhaps you do take political stands. I can cite to you an example of which you have some knowledge. We are getting very interested in the community of Edgewater about the introduction of the Michelin Plant. It is going to create 500 new jobs in a community of 5,000 people. Both Mr. MacLeod and I are members of the Industrial Commission since its inception and I have no qualms at all about coming to Oawa with the Michelin negotiating committee and negotiating with the Department of Regional Economic Expansion for a considerable sum of money to provide services for such an industry. So I don't think

this is necessarily backing down on taking a political stand.

**Mr. Fortier:** You commenced broadcasting in 1947?

**Mr. Hirtle:** With Acadia Broadcasting.

**Mr. Fortier:** In the community which you have described and you offered over the years the services you have described. Would it be possible in 1970 for someone like you in a town like Bridgewater to commence broadcasting afresh?

**Mr. Hirtle:** I would say it would be very difficult.

**Mr. MacLeod:** The day of the pioneer is gone.

**The Chairman:** So is the day of senators gone who won't return at 2.30 if we don't adjourn.

Without elaborating I will simply say that we are grateful. The views of broadcasters like yourselves are important. It has to be part of our record. I guess the thing we wish for you is that the mice have not done too much harm while you have been up here. Thank you for coming. We will hear from Bushnell Communications at 2.30 p.m.

The Committee adjourned.

—Upon resuming at 2.30 p.m.

**The Chairman:** Honourable Senators, if I may call this session to order. The brief we are going to receive this afternoon is from Bushnell Communications Limited. Sitting on my immediate left will be the chief spokesman, Mr. Stuart W. Griffiths who is the President and Managing Director. Sitting on the extreme right at the front is someone who perhaps does not need much introduction to this group, Mr. Ernest Bushnell who is the Chairman of the Board. On my immediate right is Mr. Roy Faibish who is the Executive Vice-President of Bushnell Communications Limited and on Mr. Faibish's left is Mr. Charles O'Connor, Secretary and General Counsel.

The procedure we follow here, Mr. Griffiths, is a very simple one. We have the brief that you were kind enough to supply in compliance with our guidelines, which has been distributed to the Senators and has been read by them. We would ask you to make a brief opening statement of 10, 12 or 15 minutes, and following that we would like to question you on your opening statement and on the contents of your written submission and perhaps on other matters which may interest us as well.



If you wish to hand off any of our questions to any of your colleagues then, of course, we would be delighted. May I say for your guidance that, as the Senators have heard me say many times, I think it is particularly significant in this kind of hearing to point out this is not a junior grade hearing of the CRTC. It is not an inquiry into the affairs of Bushnell Communications Limited. It is rather an attempt to analyse the broad media spectrum in Canada, and Bushnell Communications Limited already plays a vital and significant role and therefore I think it was important to us that you come before the Committee.

But I also want you to realize, and I want to underline for the benefit of the Senators once again, as I am sure they realize, that as you come here this afternoon Bushnell Communications Limited has a substantial number—I believe more than a score—of applications pending before the CRTC and we are as anxious as you are here this afternoon to avoid asking questions or to avoid you making statements which in any way, sense or form, could be embarrassing in your delicate relationship, shall we say, with the CRTC. I know you realize that, because we have talked about it; it is not in that spirit we want you to come before the Committee but rather because yours is an important company and you and your colleagues, all of whom are friends of mine, have significant things to say to the Committee; and so welcome, why do you not go ahead?

**Mr. Stuart W. Griffiths, President and Managing Director, Bushnell Communications Limited:** Thank you very much, Mr. Chairman. I suppose I could play the role of the feckless fellow from up the Ottawa Valley trying to describe our interest in broadcasting.

I could say that Bushnell Communications is a small television station in a medium size Canadian city with a rebroadcasting transmitter in another little town about 75 miles away and that we have interests in cable systems in Ottawa and several small towns nearby. That might accurately describe Bushnell at the moment but it is not the picture that the press has been portraying during the past months and, I am sure, that such a description would not be the reason that you have invited us to appear before you today.

But it is a more or less accurate statement of what we are. What it does not convey is our ambition or our promise or our ideas about the world in which we take part.

Our world is the world of broadcasting—uncomplicated by newspapers or magazine publishing or manufacturing. Bushnell Communications is a

public broadcasting company, the largest shareholder owning not more than 13 per cent of our equity. We came into being in 1961 here in Ottawa at the same time that a number of so-called "second stations" began and eventually formed the second English television network, CTV, the alternative television channel for many Canadian viewers. Bushnell and its station CJOH-TV was one of the founding members of the CTV, a co-operative, mutually-owned and financed distribution network which now provides service for about 78 per cent of English speaking Canadians. By comparison, the CBC serves about 96 per cent of Canadians with a budget of some \$200 million. CTV is less than \$15 million and this poses some typically Canadian problems.

In Canada we commonly take our standards from the United States and while emulating the richest, most powerful country on earth may set up a high style of living it does not do very much for our development as a separate nation or the perpetuation and development of our own characteristics. If it was simply a matter of being able to afford to copy United States ways and foibles it would be a relatively simple matter to control the Canadian strain—but for the majority of Canadians access to the United States way of life is free—at least in a vicarious kind of way through movies, magazines, radio and television. In many parts of Canada, the United States television station provide the alternative channel to the CBC and in some cases it is easier and more usual to choose the United States channel in preference to the Canadian. Any attempt to limit the ability of Canadian viewers to watch U.S. channels is usually met by howls of rage, the sounds of which echo quickly through the hallowed halls. It seems Canadians are deliberately cultivating a kind of television Brinksmanship. We are like drug addicts shooting larger and larger doses of imported and inexpensive dope to dull the monotony or pain of our everyday Canadian ways.

Television of late years has come to be identified as one of the chief sources of the dope—this honest being won after a long struggle with the movie houses and the magazines. Some of us even defend ourselves in our roles by saying that we are simply "pushing" giving the customers what they want—and addicts always want more.

Some of us, even without the prodding of the CRTC, have tried other remedies.

We formed the CBC and subsidized the production of Canadian radio and television programs in an effort to provide a Canadian alternative. The addicts wanted more. We formed the CTV in order to pool several

stations' Canadian requirements in the belief that working together was a better way to make Canadian programs than working separately. Still on the whole, the most popular elements of our schedules are U.S. programs. To increase the choice of the addicts, cable televisions has imported even more U.S. television and still more is demanded for now we have created pockets in many parts of the country where television services are very unevenly available and quite understandably, the would be addicts in these areas, seeing the blessings of addiction in other parts of the country, clamor for access to the drug.

The poor bloody Canadian broadcaster, even if he wants to give up the seamy life of the "pusher", now finds himself pushed. He's hooked too. He's hooked by the demands of choice for what Canadian addicts are asking for is not to be less Canadian but a wider choice on their television dials and at the moment, United States programs seem to be the easiest way to provide the answer. Accepting this answer will eventually change us into viewers, whatever our language, who have less and less knowledge of our own every day life and history.

So it is now up to broadcasters and broadcast regulators and Senators to do what we can to change matters—and it is very hard. To-day, while we are talking here, the Canadian Radio-Television Commission is hearing the first comments on their proposals to make our Canadian broadcasting less American. Undoubtedly from these discussions will come some increased requirements for Canadian broadcasters and good thing too. A few days ago the CRTC suggested some new guidelines for cable operators designed to ensure that Canadian stations would have a priority on cable systems before United States stations. This will ensure that at least for a time, the parts of the country that cannot easily receive U.S. television stations, will have only a limited access to them. It of course can do nothing for the 65 per cent of Canadians who have direct access to U.S. stations. The cable operators are claiming that this will inhibit the development of cable. The Canadian Association of Broadcasters is claiming that the CRTC's proposed new Canadian requirements will put them out of business. Even the CBC views with apprehensiveness some of the suggestions.

What the CRTC is doing is all that is can do—it can regulate and perhaps it can also be enlightened in its regulating. But its efforts will be in opposition to what a substantial part of the public wants if it relies only on regulation, because in the long run it is difficult to create.

This is what has to happen if we are seriously concerned about remaining Canadians, and whether it is water or minerals or broadcasting, Canadians have to put some value on them being Canadian.

Broadcasters can purchase U.S. programs at a fraction of the cost of making comparable Canadian programs. Even spending a great deal of money making Canadian television programs and making them available is no guarantee that viewers will watch them. But we really have no other choice than to go on making as many as we can and making them as well as we can, not in imitation of U.S. programs but trying to find the crevasses and cravings in a viewer's mind, which, when we do, and are skilled enough to build a program to fit, means he will watch a Canadian rather than a U.S. program.

Canadian broadcasters have watched the growth of cable in this country with some horror because unless they do something they see their audiences and their ability to do something about their industry being reduced. The viewer does not think of cablevision in this way—he sees it as a means of increasing his choice. He is not consciously being less Canadian and it is pointless to appeal to his patriotism.

Some broadcasters, Bushnell among them, are determined to do something, and if they can, in a creative way. It all comes down to programs in the long run. The viewer wants increased choice—more programs. The regulator wants a more Canadian character to our broadcasting—more programs. The broadcaster wants to survive first and then, depending on who he is and what his circumstances are, to contribute to his industry which is daily less and less of an industry and more and more a matter of human communication, enlightenment and information.

What a small broadcasting company can do is limited but important. What some of us have come to conclude is that we must grow larger if we are going to contribute in any effective way. We must increase our ability to make more and better programs, we must have the capital to buy the machinery to make them and we must have the ability to attract, develop and hold people with the skills to make them. And we must do all these at a time when the likelihood is that resources are decreasing while costs are increasing.

Bushnell is a small company but it has always been predominantly interested in programs—making programs. For a small company it has done quite well at this—and it has shown its interest in building a plant to make programs that is quite unusual in this country and certainly disproportionate for the size of Ottawa.



But small companies, even those with good motivation, come to the end of the road of resources and the ability to commit for the future. For this reason, about two years ago Bushnell made its decision. It decided to expand and increase the base on which it could operate, increase its circulation so it could improve its service, and plan its future as it saw broadcasting developing. Its thesis was quite simple. Broadcasting was a public business—it reorganized its company and became a public company. Broadcasting was programs and stations—it built and purchased studios to increase its ability to make programs and it negotiated to purchase several additional stations in Montreal, Kingston, Peterborough and North Bay. Television now embraces cable, and in our opinion will do so more and more, so Bushnell involved itself in cable, first in its own backyard and then in other areas, Montreal, Toronto, Vancouver, Trail, Nanaimo, Nelson, Red Deer, Cobourg, Renfrew, Arnprior, Hull, Ottawa. Most of these stations and cable companies are promises, for although we have negotiated to acquire them we must first obtain the approval of the CRTC and we hope to have this opportunity before too long. It is this decision on Bushnell's part to be more involved with programs that has caused the speculation in the press and to some extent, apprehension in the Toronto papers and which has, I am sure, caused you, Mr. Chairman, to ask us here today. You will understand from all of this that we are at the moment mostly shadow—we hope to demonstrate in the years ahead.

**The Chairman:** Thank you very much, Mr. Griffiths. May I simply repeat what I said at the beginning, that certainly we are interested in your development but I think it would be misleading to suggest that the only reason we asked you here today was because of the speculation in the press about the future of Bushnell Communications. We are interested in that and I am sure we will be asking about that. It certainly was not the only reason. I think perhaps during the questioning you will see that there are other views which we hope you will express.

As I said, we will put our questions to you and if you wish to hand them off please do so; and notwithstanding my comments about why we asked you here, if any of the questions are such that you feel they would compromise your position at the present time, simple indicate.

**Mr. Griffiths:** Fine.

**The Chairman:** We will start the questioning with Mr. Fortier.

**Mr. Fortier:** Mr. Griffiths, it is a matter of record that the field of broadcasting in Canada has had a number of entrepreneurs, a number of pioneers, a number of small people who have started from scratch with a small radio or a small television station. Do you foresee any future at all today in Canada for the small pioneer type of broadcaster or are his days counted?

**Mr. Griffiths:** I think his days are counted. I think there will be some pioneering, however. I think it will take place in the small communities. There are many small communities that really have inadequate service today and I would suppose that there are communities in a sense that really will not come easily to the attention of large organizations.

Such communities' needs usually become known to the community itself first and then out of that need usually comes some kind of action, whether it is a radio station or a cable company or whatever, so I foresee that for some time in the future many individuals will start a broadcasting enterprise.

**Mr. Fortier:** To be gobbled up by the large concern eventually.

**Mr. Griffiths:** It is not a question of being gobbled up. I think it usually starts as a small enterprise in a community that has no facilities and for which the community is grateful when it starts. The standard, however, quickly change and as soon as that station, programs are judged against the programs made in other larger centres or other parts of the world somehow or other in the viewers mind the disparity between the ability of the small station and the large organization gets lost in the mist and pretty soon the community is not just asking for a local service; it is asking for parity with the kind of services that large cities and large communities have.

At least, that has been the history of broadcasting in this country and it has contributed to the raising of the standards of broadcasting generally. But at the point when this pressure is felt, in many cases depending on the size of the community and the resources of the people who have pioneered, they can go a long distance to satisfying the community's need. They can join the networks which will increase the capacity to give a good programming service; but sooner or later they come to the point where they cannot really provide very much more, and yet the demands have increased. The demands are from viewers and to some extent the demands are from regulars, who quite rightly want to see the over-standards increased in this country; and it is at the



point where, I think, the pressure becomes inescapable for many small stations. We are at that point in many small stations today, I think, and we will see an increase in this kind of pressure and for that reason an increase in amalgamation in broadcasting in the future.

**Mr. Fortier:** So that in your vision of things to come in the communications world in Canada, there will be no room eventually for the small man, will there?

**Mr. Griffiths:** "No room" is a sweeping statement. In the long run even in big companies a man and his stamp on the program is really the characteristic of the program, so that individuals become very important, but they become more important in the creative process than they do in the managerial or the entrepreneur nature of broadcasting.

Some of the programs that people watch have the unmistakable stamp of an individual on them and certainly an individual's participation in broadcasting in this way, both as an organizer and as a performer, will continue, but I think that the backstage boys' days are less and less.

**Mr. Fortier:** Broadcasting, as you say in the paper which you have just read, and giving it as a reason for your company becoming public—it is a public thing?

**Mr. Griffiths:** That is right.

**Mr. Fortier:** You are leasing or renting public property so far as television and radio are concerned. Would you view favourable the government becoming more involved in the field of communications?

Let me explain what I am trying to get at. Instead of having one CBC, having maybe two or three or four government-owned communications networks to insure that as broad a base of people as conceivable could participate in the development of the industry?

**Mr. Griffiths:** I am not sure that governments inevitably move in that direction in broadcasting. They have not in many countries. The activities of governments in many countries have limited the participation, often to the benefit of the government, I do not really look forward to seeing any increase in government as such participating in broadcasting. I see a role for public subsidy and public participation. I take it that is what you mean by government?

**Mr. Fortier:** Yes.

**Mr. Griffiths:** ... in the hardware aspects of broadcasting. There are some parts of our country which are

simply uneconomic regions in terms of delivering programs to them. They are in the far north or they are difficult to get at and I think that if we are going to operate as a federal organization in this country, then the whole country, as a whole, has to eventually accept the responsibility for providing some parity in service; but I would like to see the functioning of the programming as much as possible out of government hands.

**Mr. Fortier:** Out of the CBC?

**Mr. Griffiths:** Well, I worked for many years in the CBC and I think that without the CBC in this country broadcasting would be in a pretty sorry mess, but I think it is being demonstrated that there are alternatives to the CBC and perhaps they are more efficient.

I would like to see more of the CBC resources being spent on programs and less on organization and such like. To me, in a sense, participation by governments and public bodies tends to multiply this organizational complex and as we are seeing with the CBC—as the President of the CBC testified yesterday before the CRTC—the only way, in such circumstances that a corporation, if its income is frozen, can cope with this situation is to reduce the quality of its service. That may include reducing the complexity of its organization, but it is the quality of its service through its program service that the viewers most readily see.

I think there is a different pressure on private broadcasters and there may be a different set of standards also. I am not for the moment speaking about standards which I think can develop but I am speaking about the simple efficiency of using machines and people who make programs. I think, considering our circumstances in Canada, with the need we have, we should be making every effort to be as efficient as we can in making programs, radio and television, or for cable in this country.

I just feel from my experience working in a public organization and now in a private organization and for a while in a sort of quasi-public private organization in Great Britain, that the best hope for this is to keep the participation of governments to a minimum in broadcasting.

**Mr. Fortier:** So that you do not envisage that the CBC would develop on a course which will be parallel with all the "public" corporations such as Bushnell?

**Mr. Griffiths:** Well, broadcasting is changing very rapidly today. The CBC does some kinds of programs

which need to be done in this country, which would not be otherwise done.

**The Chairman:** For example?

**Mr. Griffiths:** Well, as an example, an opera that costs \$175,000 to produce or the Olympic Games, where it is difficult to recover the full cost of the production.

**Mr. Fortier:** Is that a role which the CBC should continue to play?

**Mr. Griffiths:** Well, you use the word "CBC" because that is what we have today as an organization. I think that we need to use money to subsidize the production of programs that Canadians need and want, but there are alternative ways of financing these other than through an organization such as the CBC.

Cable operators today are charging their subscribers a fee for delivering a service which for the most part they can already receive by putting up an antenna; but people seem to be cheerfully willing to pay \$50 or \$60 a year for that service.

We used to think in Canada that a licence was a pretty unpopular form of collecting money and the Government certainly found that to be the case, but the cable operators are demonstrating that people will pay money for something that they value, and it does seem to me that there are alternatives to the CBC in financing on this kind of a subscription basis.

I am not suggesting a licence. I am simply suggesting a subscription basis of payment for television or radio. I think this may solve some of our other problems which have affected the broadcasting industry for some time.

**Mr. Fortier:** Do you not run the risk of ending up with the general public subsidizing those uneconomical ventures, uneconomical from the point of view of the private broadcaster?

**Mr. Griffiths:** Who does that now? The public is subsidizing now and so I see no difference in that, if those programs are going to be made. One has to judge that programs—not necessarily of \$150,000, but there will certainly be uneconomical programs that should be made in this country and for that matter, private broadcasters make many of those programs today.

**Mr. Fortier:** With the added resources that will be available to corporations such as yours, do you not

think this is an area where obligations will go with the responsibility?

**Mr. Griffiths:** Yes, I think so and I think quite rightly, as a matter of fact.

It is not an easy road to set out to make programs, whether they are expensive or cheap—nobody wants to make programs that people reject or do not want. There is no real index to that acceptance, based on the cost of the program. You can make simple and easily made programs which people find essential and want. You can also make very costly programs which they reject. That relates to the skill of the person who plans the program and his motivation, but I think that we have in this country a broadcasting system—this may not be your question—that is financed partly by public subsidy and partly by advertising revenue, both for the CBC and for the private industry. The characteristic of our broadcasting system in this country is that it is financed in this way. If you think of the total, the CBC, the private, everything as our system, described by the Broadcasting Act, it is financed in this way.

I have come to the conclusion that advertiser financed broadcasting is an inefficient way to finance broadcasting but that is simply my conclusion after some time spent . . .

**Mr. Fortier:** Should the CBC get out of commercial television?

**Mr. Griffiths:** I think it would be fatal for them. I think they would have very little relevancy if they did that. At least the advertiser keeps one toe of the CBC foot on the ground.

**Mr. Fortier:** But they derive so little income in an event, if you look at the total picture.

**Mr. Griffiths:** \$30,000,000 out of \$200,000,000.

**Mr. Fortier:** \$20,000,000 to \$25,000,000.

**Mr. Griffiths:** They actually got \$40,000,000, they said yesterday.

**The Chairman:** Was that both television and radio?

**Mr. Griffiths:** Yes.

**The Chairman:** \$38,000,000 and \$2,000,000.

**Mr. Griffiths:** Yes.

**Mr. Fortier:** You make much of the point, Mr. Griffiths, in your vision, which is very adequately expressed in your two briefs, that the medium is changing.

**Mr. Griffiths:** Yes, it is.

**Mr. Fortier:** Although you do say that cable and television, as we know it today, are complementary. You make much of the fact that people are looking for a wider choice of programs, so, given these two premises, the changing in the media and the objective of wider choice of programs, what is the over-all message going to be, if I may use a McLuhanist term?

**Mr. Griffiths:** Well, one could speculate.

**Mr. Fortier:** I am sure you have speculated in the Board Room.

**Mr. Griffiths:** Yes. I find myself speculating and being hounded out of the Board Room but I persist. I also find myself speculating in public meetings along with the President of the CBC and he hounds me out of the room, so he seems to have very little interest in my speculation.

**The Chairman:** Here today you are perfectly free. Nobody is going to hound you out of the room.

**Mr. Griffiths:** I do not feel menaced. I do think if we were free to, in a sense, organize broadcasting—I think your question is “How would one go about it? What could its promise be?”

**Mr. Fortier:** Yes.

**Mr. Griffiths:** For the moment let us talk about television broadcasting. That seems to be the part of broadcasting that occupies most people's waking hours at the moment.

Put the case that you had a 20 or 25 channel system. We know we can make these systems; that technically is quite practical to do it. What we have not yet decided is what are we going to put on the system, on all the channels; but put the case that we have the technical ability and we will determine that we are going to make such a system and we are going to apply it to the country and it is going to become our broadcasting system in this country.

**Mr. Fortier:** Yes.

**Mr. Griffiths:** It would probably cost Canadians from \$150 to \$200 a year, each household. That would produce about enough money to operate a 20 channel system, somewhere between \$1 billion and a half and \$2 billion a year. Much, much more than is now being spent on television production.

If you had to set out to make this—just to give you an idea—20 or 25 channel system, that would require every 24 hours somewhere between 800 and 900 hours of programs. Now, that is on a 24-hour continuous basis.

Supposing one of the practical things might be we could repeat more programs so that viewing could be more suited to the convenience of the people rather than the convenience of schedulers. So let us say in every 24 hours we decided we would repeat every program once, so we have reduced the amount of original programming needed to say 400 hours.

At the present time if one took the program output of all the three Canadian networks, one French and two English, we produce rather less than 40 hours a day, so we are looking about at a ten times increase in programming. Now, more than that is made because stations make other programs but I think on a network basis. What I would see really in a 24 channel system or a 25 channel system is say 10 of these channels being English and 10 of them being French and 5 channels being in the language that would be appropriate in a regional or a local sense, so you would have a combination of a great deal of national material in two languages and a great increase in locally available material produced regionally or locally.

**Mr. Fortier:** You consumed the B & B Report in a very short time.

**Mr. Griffiths:** Yes. I think I anticipated that part of it. I think that if we had a system like that we should re-organize the basis of our present cable scheduling. We would not then be picking up at random stations from the United States or Canada or whatever and relaying the whole of the schedules, if you want, on a horizontal basis, a, b, c and d.

This system would mean that the operators of the system would be responsible for all the programming that has to be included on it, which would mean that they could carry all of the American programs and all of the Chinese programs.

Really 400 hours of programming, just as an aside, is rather more than the total available program source on



any given day that we could presently get, if there were no restrictions from where we could take our programs; so it not only means an increase in Canadian production, it means a great increase in real production which really could contribute to the richness of a system.

Now, if we have this richness, and let us say the money to afford it, we could organize that button 'a' would not be station 'a', it could be the news channel. Button 'b' could be sports. Button 'c' could be children and button 'd' could divide up the day in a vertical sense and have much of this material being repeated. The news channel would be constantly updated so that whenever you wanted to see the news, you'd push the button and you would see what was currently available.

I think people could then make their own schedules up. They could choose what they like. They could organize their lives and I think that would be a better kind of a broadcasting system than we presently have. It would be a better broadcasting system than anybody presently has, so if you ask for a vision, there is a vision.

**Mr. Fortier:** Given this choice, which you know better than I do is not far away, what acceptance in this spectrum of vertical channels will American programs have vis-à-vis all-Canadian-content stations?

**Mr. Griffiths:** Well, it would not be that. You would not label channels U.S., Canadian or Icelandic or whatever it was. You would label them as drama, you would label them as sports and they would be whatever it was. There would be a mixture.

**Mr. Fortier:** Well, perhaps I did not put my question correctly.

**Mr. Griffiths:** But the point really is that even under this system there is no way of avoiding the fact that eventually Canadian programs have to stand on their own feet in the viewer's home, in the privacy of his home where he can exercise his choice in a kind of freedom that he may not even admit publicly.

I know many M.P.'s who in the daytime advocate Canadian programs and in the evening go back and watch U.S. programs. Perhaps it is even true of Senators.

**The Chairman:** The members of this Committee have no free evenings!

**Mr. Fortier:** What you are saying is: given the quality of the programs Canadians will look at Canadian content. Is that correct?

**Mr. Griffiths:** I am quite convinced of that.

**Mr. Fortier:** Your experience and your analysis lead you to that conclusion?

**Mr. Griffiths:** Yes.

**Mr. Fortier:** So it is really, as you say in your brief, a question of volume and production. The more production there is the more of a chance there is that there will be some good programs.

**Mr. Griffiths:** It is not just quantity, it is quality and the quality really more than anything relates to people. It relates to having good programs and being able to keep good people and not losing them possibly to other countries and to a great extent if we had a busy, creative process, such as I am describing, we would be more likely to keep our people in this country. We might even attract a few back. We might even attract a few Americans, who are talented, to make programs for Canadians.

**Mr. Fortier:** In this concept of things of which you have spoken you based your remarks on television and cable; what is the future of radio in this field, in this world, because I notice you have made an offer to purchase some radio stations?

**Mr. Griffiths:** Yes, we have made an offer recently but I am afraid through no fault of ours we are not going to be able to go through with it.

**Mr. Fortier:** There is nothing left to buy.

**The Chairman:** I was going to say we would be very interested in your vision of radio. You have given us your views on television. What do you see for radio?

**Mr. Griffiths:** I am afraid I do not call myself an expert in radio. I started in radio broadcasting but all honesty I think television is a more interesting medium and I think most Canadians think that way about it, but radio has an interesting and changing role.

First of all I would say that I see radio programs to some extent being distributed in a somewhat similar way as cable programs, or taped television programs on cable.

At the present time, as you know, most cable companies do carry FM channels on their systems and more could be available. So, I see that as a way of distributing radio programs in a technical sense, and this may well solve some of the technical problems that AM stations are having particularly in large cities, where the rising level of electrical interference is making radio listening harder and harder. It is driving people, in a technical sense, to forms of broadcasting such as FM which are less susceptible to interference and where the possibility of reception is improved; but I see radio becoming the part of broadcasting that is most acceptable to interested groups. I see it becoming much more a community service than it is now. I do not mean reading listeners' letters on the air and dedicating gramophone records.

**Mr. Fortier:** Is that not mainly what they are doing today?

**Mr. Griffiths:** Unfortunately that is true but I think so far there has been little access to the radio waves for minority groups in the country, in the community. It is not wholly the fault of radio operators. In many cases, and I suppose even in the majority of cases, the reason is that the minority groups do not understand the power they have to demand access. I think as they do they will become more conscious of this, and broadcast is going to take on the characteristics of the community where instead of perhaps tearing down computer centres, they occupy the radio stations or even peacefully go in and take part in radio broadcasting in order to put their position before a wider group of people, and I think this is a proper use of radio.

The service aspects of radio are obvious. We are a mobile population. It is more difficult to ride a bicycle watching a television screen; these things are obvious, and for that reason in a sense radio services will continue, but I think that radio broadcasting has gone through a period when it was lethargic and really was recovering from the shock of having been walloped by television. It is largely through that period now and I have seen actually more progress in radio broadcasting schedules and innovations in the last three or four years than I have seen in television.

**The Chairman:** Mr. Hartford who is the President of CRB Ltd. was here yesterday. He did not say to this Committee—I would have liked to have asked him but we did not have time—he said elsewhere, I think somewhere last week that in his opinion ten years from now AM radio would be all talk and FM radio would be all music.

Now, I may not be quoting him correctly but that is the way CP reported it. Would you comment on that? Will AM radio be all talk in ten years?

**Mr. Griffiths:** Well, I do not see any reason why it should not. It does seem to me that technically FM is well suited to music. It is just as well suited to talk as far as I can see. I really see a decline in value of AM broadcasting. I think in the long run that FM broadcasting is going to be the kind of radio broadcasting that takes place.

**The Chairman:** Mr. Tietolman said yesterday that an FM station is an AM station operator's conscience.

**Mr. Griffiths:** Well, that is at the present time, and God knows that many AM stations' consciences need to have some kind of outlet but I think that we really do not have to look at it this way. If we only had FM receivers, we would listen to radio on FM and if we did, we would be rather more pleased with the results, I think.

**The Chairman:** I wonder while we are taking a rather futuristic look . . .

**Mr. Griffiths:** I might say in that respect that within a comparatively short time the larger part of our population is going to be living in urban areas, which are quite well suited to FM (the range is less than AM). Our population is adjusting to that purpose and as the population increases in the large areas, of course the incidence of interference increases.

**The Chairman:** While Mr. Fortier is preparing himself for a new line of questions and while we are still looking into the future, may I ask you the kind of question I am sure you did not expect to be asked. Your reply will be off the cuff, but will be of great interest to the Committee. Can you project the future for the next ten years for the daily newspaper industry in Canada? I realize that is not something that concerns you every day but I am sure you must have thought of it?

**Mr. Griffiths:** Well, I read the newspapers every day and I notice they are changing.

**The Chairman:** Would you explain that?

**Mr. Fortier:** Mr. Griffiths did say something about newspapers.

**The Chairman:** Yes, and I am going to get back to that in a moment.

**Mr. Fortier:** Uncomplicated by newspaper or magazine publishing or manufacturing. That is your world of broadcasting.

**Mr. Griffiths:** At present.

**Mr. Fortier:** At present?

**Mr. Griffiths:** Well, I think we rely less on newspapers. We do not rely on the newspaper any longer to bring us the news. We rely on the newspaper to enlarge the news and to tell us what selected people think about the news and to expand on the news; the news itself now I think is more swiftly delivered by radio and increasingly by television, with satellites delivering from country to country.

If one has the choice of seeing it and in a sense taking part vigorously in it, I think it is preferable to reading about it but nonetheless newspapers must have a role.

I think their role in the next few years is increasingly going to be this one. They are going to be supplementary to the everyday lives. I do not think we are going to feel cut off in a sense from the rest of the world if for some reason or other there is a strike or Mr. Kierans does not get his problems sorted out and some papers do not get delivered. I think that we are going to see great changes in the newspapers. The newspapers themselves recognize this. This is why I think many newspapers are now looking at broadcasting in a new way. They used to think of them as simply ancillary or complementary or even a protective medium for their operation of what was to them the most important thing, running the press. I do not think they do any more.

I think they see now the possibilities of their papers being delivered electronically. They see the possibility of their papers supplementing what people hear and say rather than reading about it for the first time. I think they see that newspapers are going to get smaller in size. Perhaps this is not a good answer to your question but I see newspapers continuing to be involved in broadcasting because for lively newspapers who want to take part in the life of the country, broadcasting is going to be perhaps a more exciting place to be involved than the cold black and white print.

**The Chairman:** But in the television era you envisaged a few minutes ago, there still would be the daily newspapers, would there?

**Mr. Griffiths:** I think so.

**The Chairman:** In this vertical concept.

**Mr. Griffiths:** Oh yes, I think so.

**Mr. Fortier:** Mr. Griffiths, now that you have described what you see in the Bushnell crystal ball can you tell us how you relate . . .

**Mr. Griffiths:** I have not really described very much about the Bushnell crystal ball.

**Mr. Fortier:** Maybe in my own mind I have related your reasoning and your utterances to your company vision.

**Mr. Griffiths:** That is right.

**Mr. Fortier:** I do not think I am wrong in so doing am I?

**Mr. Griffiths:** That is right.

**Mr. Fortier:** How do you view the most recent CRTC pronouncements or proposals or guidelines? How do they fit into your concept? Are you happy with them?

**The Chairman:** Which ones?

**Mr. Griffiths:** Are you speaking of the Canadian content ones or the cable ones or . . .

**Mr. Fortier:** Let us start with the Canadian content one and then we will move on.

**Mr. Griffiths:** Well, we have put a brief in to the CRTC. It has not been heard yet. I do not mind telling you what it is. It is really that we endorse the principle of an increase in Canadian content. We lament the absence in the regulation of any incentive. It is really a blunt approach to quality. Really it is simply a continuation of the kind of regulation that has been in force since we have been in existence. Really up until now it has been a quantitative requirement that you had to have 55 per cent content over-all and you had to have 40 per cent between 6:00 and midnight. It really did not matter what kind of programs you had as long as they were Canadian. You equated quality with a symphony orchestra in terms of what was the program.

Somehow or other we think that is not a good approach. It has not really resulted in improved Canadian programs and we would like to see some



incentives to make better programs fit in to the regulations rather than a purely quantitative approach.

**Mr. Fortier:** What would be the form of those incentives?

**Mr. Griffiths:** You could have several ways, I suppose. We have outlined eight or nine or ten points that we think might be worth looking at.

You could have a point system. We do not recommend it in our brief but there are some people who think that you could simply devote a minimal amount of a station's income to the making of programs and simply say that if a station made \$1,000,000, 25 per cent of it had to go to make programs and it didn't matter how many they made. They could make more or less but spend that much money.

I think that is fraught with some difficulties but it is an approach and it might result in better quality programs.

We have not endorsed that, as I say. What we have, in fact, said is that perhaps you could see the development of a point system where, if there was an increase of Canadian requirement laid on the stations, stations could make that requirement by making fewer, better programs or more lesser programs so that the judgment of the value of the programs should really not relate to the amount of money but to the resources and ability of the station; considering that some stations are small and have few resources and other stations are large and have many and the networks have still more.

We think that might be an approach and a simplified way of getting at that might be to say that any program that is made in Canada is 100 per cent Canadian; if you make a specially good program, a bonus let us say, that takes a lot of effort and money to do it, that may be 200 per cent Canadian for purposes of an incentive, and that if you devoted that much energy and work to it, you should earn that.

That would be applied to the over-all requirements which the CRTC would set, the requirements to increase Canadian quantity, but the quantity would be to some extent, computed by considerations of quality.

**Mr. Fortier:** Do you agree . . .

**Mr. Griffiths:** I have not explained that very well but that is the emphasis we would like to see on it.

**Mr. Fortier:** Should this accent on Canadian content be a responsibility of the CRTC, the regulatory agency, to dictate to organizations?

**Mr. Griffiths:** Well, the CRTC, has been appointed by Parliament to implement the Broadcasting Act and the Broadcasting Act may be a little vague in the quality of the service expected but I certainly do not doubt that the CRTC is the instrument that should enforce it so in answer to your question, I think they are logical.

**Mr. Fortier:** If we may touch upon the Canadian content with respect to radio stations for a few minutes. Do you think by and large radio stations in Canada will have the difficulties which the CAB forecasts in meeting this 30 per cent minimum content?

**Mr. Griffiths:** I do not think either radio or television stations will have the difficulty that the CAB foresees.

**Mr. Fortier:** You think this is not a well-founded fear?

**Mr. Griffiths:** I think this is the first step in negotiations.

**Mr. Fortier:** You are a member of the CAB, are you?

**Mr. Griffiths:** That is right.

**Mr. Fortier:** Do you endorse the position which they have made known with respect to these difficulties?

**Mr. Griffiths:** Well, we have not publicly not endorsed it. That is perhaps not the answer you are seeking.

**The Chairman:** That is really not an answer to the question, no.

**Mr. Fortier:** I confess that it is not. That sounds as if it was whispered by Mr. O'Connor. It is a legal answer.

**Mr. Griffiths:** No, he did not. Our brief is not in conformity with the CAB brief on the matter of Canadian content. I think you should take our brief as our position.

**Mr. Fortier:** Yes. Why have not broadcasters, of which you have been one for some time, in the past

either in the field of radio or in the field of television offered more Canadian content? What has prevented them from doing so?

**Mr. Griffiths:** You have, as a listener and a viewer.

**Mr. Fortier:** But I am not going to change, am I?

**Mr. Griffiths:** Well, if you do not change, then you cannot really expect them to change.

**Mr. Fortier:** I mean, you are going to give me a wider choice of programming now.

**Mr. Griffiths:** Yes.

**Mr. Fortier:** And eventually you are going to give me the quality to which you referred earlier. Surely if that had been available five years ago—I will send the ball back to you—if you had made it available, I would have looked at it.

**Mr. Griffiths:** Well, you reassure me because—I am not lamenting this—but as a broadcaster it is a little heart-breaking to see the reaction to special efforts that you make to make what you think is an important or attractive or a purely Canadian program and to have the telephone lines clogged up with people simply asking "Where is the movie that was supposed to be on?"

I am not defending myself in that because we will go on doing that but I do say this: that the reason more Canadian programming, I think, has not been made in the past has been—there are several reasons. First of all it is much more expensive to make and with the added expense does not come any increase in audience.

If you have an important part of the broadcasting system of the country dependent upon advertising revenue, the chief thing that the advertiser is concerned about is as large an audience as he can get. Advertiser revenue is really not conducive to development of minority programming or even high quality choice programming. That does not mean that some advertisers do not like to see their advertisements in a high quality program but in the main the advertiser is chiefly concerned about the numbers. He is less concerned about the content. He used to be concerned about the content, in radio particularly and to some extent in television. He used to dominate the choice in programs. That battle has long ago been won. He now has very little to say about the choice of program. He exercises his control by simply buying or not buying any programs that have big or small audiences so that to some extent that is an answer to your question.

Another answer to your question is that some broadcasters are not interested particularly in making Canadian programs. Some broadcasters are really not very interested in making any kind of programming. They think of themselves more like a printing press turning out stuff and not being required to write. Not all broadcasters fortunately are that way but there are some who prefer to take their services from the network and do the least that they can themselves.

Sometimes those are people in small communities which have very small resources.

I think that probably the last reason that more programs have not been made has been the lack of inability of broadcasters on the whole to maintain the people of skill and capability to make the programs. Some stations the engineer has the most important place and the accountant is the next person and the sales manager somewhere in between and the last person on the totem pole is the producer.

**Mr. Fortier:** If I can summarize your answer...

**Senator Everett:** May I have a supplementary question?

**The Chairman:** Do you want to summarize it first? Why do you not summarize and then we will have Senator Everett ask his supplementary question.

**Mr. Fortier:** I think it was too easy an answer for you to say that I am collectively responsible.

**Mr. Griffiths:** I am thinking of you as a viewer or listener really, because in the long run you dominate...

**Mr. Fortier:** That is the way I interpreted it, but now I have listened to your full answer I suggest to you, you told us it was the advertiser—it was you who was responsible rather than I the viewer.

**Mr. Griffiths:** No.

**Mr. Fortier:** I do not think it is the chicken and the egg.

**Mr. Griffiths:** Well, you summarized it. I think I am correct in the sense that the broadcaster is responsible to you. Many of you prefer to watch American programs in preference to perhaps Canadian programs of lesser appeal or even of equal appeal. So, to that extent you are culpable. To the rest of it the broadcaster is culpable.

**Senator Everett:** Mr. Griffiths, can you give us two or three examples of Canadian programs that Bushnell has created over the last short while where the phone lines have been clogged when they ran?

**Mr. Griffiths:** They are usually special programs and the reason, of course, is that you have to pre-empt an existing scheduled program.

**Senator Everett:** I understand the basis of it.

**Mr. Griffiths:** But the type of program . . .

**Senator Everett:** I am thinking of special shows that have happened that Bushnell has created.

**Mr. Griffiths:** Well, I should say perhaps the worst example, I guess, that I can quote to you is not one that we made ourselves but which gives you some idea of the depravity of viewers. On the day that Senator Kennedy was assassinated, we threw out our schedule and simply carried the story, from the United States mostly, and inserted what we could ourselves.

We had very many viewers who called up that day and demanded the regular schedule back, as an example.

That is not really the question that you are asking it in a sense, if you could imagine that the viewers could do that on that kind of an incident, you can imagine what they would do if we were to cancel a movie and put on a program that dealt with pollution in our area, as an example.

**Senator Everett:** Quite right. I think we understand the syndrome. What I would like to hear is the personal frustration that you at Bushnell felt, the examples of where you created a Canadian program and the phone lines have been clogged because of this unfortunate tendency of the Canadian public.

**Mr. Griffiths:** Well, most recently we had a series of programs that started last autumn which has a small but noisy audience called "Up Against the Wall".

This is a program that is really designed to be done and broadcast for a segment of our society that on the whole does not watch television; drop-outs, hippies, the coffee house habitués and such like.

**Mr. Ernest L. Bushnell, Chairman of the Board, Bushnell Communications Limited:** Senators.

**Mr. Griffiths:** Senators.

**Mr. Fortier:** They were included in the first description.

**Mr. Griffiths:** We started this program putting posters into coffee houses around the city and saying "Here's your chance to take part in broadcasting. You criticized. Now come and see what you will do yourself."

Out of this we have turned up 50 or 60 people which, after they realized what had to be done, dropped down to maybe half and from that core of people we have produced a program each week, with the assistance of a producer who has been seconded to the program and by large it has been a program which has come up from those sources.

In some respects most of these people regarded broadcasting as an instrument for social change and they have, one way or another, with skill or without skill, tried to use it in this way but sometimes their language has not been choice. On one of the programs a four letter word that is not usually heard on television was used.

**The Chairman:** It was used 19 times according to the survey.

**Mr. Griffiths:** According to the Toronto papers. The Toronto papers as a matter of fact varied—. One story said it was used three times. The next columnist said it was used nineteen times and the next columnist said it was twenty-three times.

**The Chairman:** What was the actual number?

**Mr. Griffiths:** It was used three times, twice innocently and once obscenely.

**The Chairman:** We were going to ask you about that particular program so if Senator Everett will allow us . . .

**Mr. Griffiths:** Yes. I should say this program is a program that has excited many viewers, people who want us to take the program off the air, not because of the language but because of the ideas that were contained in the program and some of the statements and concerns of these people.

We have persisted. We have kept the program on the air but that program has occupied the entire energies of one producer all season long, and a considerable group of other people, and these people in a sense are feeling the frustrations that I am describing, as an example.



Senator Everett: Well, only because they are appealing to a special interest audience.

Mr. Griffiths: As a matter of fact that is not the biggest audience. The biggest audience appears to be middle-class liberals and they are the ones who seem to take the greatest exception, small "I" liberals.

Senator Everett: Well, maybe we can deal then with the specific program.

Mr. Griffiths: That is right.

The Chairman: Why do you not tell us about the four-letter program? A lot has been written about it and a lot has been said about it. We have lots of background material.

Mr. Griffiths: Would you like me to put the four-letter word into the record?

The Chairman: As you wish.

Mr. Bushnell: No.

The Chairman: Seriously, much has been written. We know all of the things that have been written. What really happened?

Senator Kinnear: I don't know the name of the program. I would like to hear the name of the program.

Mr. Griffiths: The program was called "Up Against the Wall". On this particular program, on this incident, a young film director, producer, was being interviewed by two of the people who are regularly on the program. He makes underground films and as he was being interviewed, you started to see him and then you saw the people who were interviewing him and then as the interview went on we switched, or the producer switched the actual film he had been making so we were hearing the voices over and seeing the film.

The film was quite an innocent film. It consisted mostly of a curtain in a window being moved by a breeze. He was describing the symbolism of his film and the film dealt with love—all kinds. Deep natural kinds of love and casual kinds of love in which affection is not involved, and in describing his film he used quite accurately, without any obscenity, I would think, a common verb that described copulation because it related to his picture and it was the use of that word which caused public attention.

At the end of the program another word was used, more common word, and this was contained in another segment of the program in which they had been dealing with pollution and the pictures that you saw on the screen were pictures of garbage-strewn streams, and all of the pictures of pollution one could find around in any big city, while a voice over was reading a poem which had appeared the week before in the *New York Review of Books* by a young American poet; and it used the word "bullshit" in the sense that anybody says they are doing something about pollution. "Governments say so. It is bullshit." And it used it in that way, which is the vulgar way you often hear it on the street. People objected to this uncivil in the program too.

I personally do not take exception to that word in that context any more than I took any exception when I saw it in the *New York Review* but many of our viewers felt personally offended by the word.

Now, we compounded that. Those, I think, were innocent uses of the words. The next day we compounded our problem by ourselves becoming worried, or our producer becoming worried, with the public reaction. There had been about seven or eight phone calls, I expect, ten maybe, and he decided that on a late night program that we were doing the following day he would bring the producer back and have the producer try to explain why they had done this.

On this program the interviewers used the words again and I think this use of the words was not defensible. I think there it was used as a method really to excite attention.

Mr. Fortier: Were you censured by the CRTC?

Mr. Griffiths: No, we have not been.

Mr. Fortier: You have not received any . . .

Mr. Griffiths: They asked to see the program, which we showed them. We have received no . . .

The Chairman: Perhaps I could interrupt at this point. You have been specifically critical on several points of the Toronto papers, so I hesitate to quote the Toronto paper but I am going to.

Mr. Griffiths: I am not critical. I am just amused.

The Chairman: Well, perhaps you could confirm the truth of this. This is Patrick Scott in a column which

appeared—I have not got the date here but at the time he said:

“By Wednesday the word was out that several major advertisers had given the station an ultimatum and that old Ernie Bushnell himself had laid down the law. The obscenity must cease, said Bushnell, or he would withdraw both his name and his influence from the company he had founded.”

**Mr. Griffiths:** Why do you not ask Mr. Bushnell?

**The Chairman:** Fine, I will ask Mr. Bushnell. Is that true statement of affairs, Mr. Bushnell?

**Mr. Bushnell:** Yes.

**The Chairman:** That is short and to the point.

**Mr. Bushnell:** Mr. Chairman, if I may, the reason for is that I had a slight operation on my tongue a couple of weeks ago, which a great many people have been hoping for these many years.

**Mr. Fortier:** Do you foresee—again looking into the crystal ball; maybe I am asking you too many of these questions but I think this has relevance—the day where one of the regulatory channels people will be given opportunity of using words which they themselves may see fit, without fear of being censured by public opinion or by a body such as the CRTC?

**Mr. Griffiths:** I would like to think that would be the case. I certainly think there is not much future in trying to develop two kinds of language, one we use lightly on television or radio and one we use in our homes but obviously, if we choose to use it in our homes, we are making that election. If we put it on a television channel, we do not make that election and have no way of knowing that the word is going to be used, so if that word is used at the time when young children are listening, I can see some objection to that.

might add these other programs were at half-past eleven, midnight, so that might not have been the argument there.

until, I would like to see more contemporary language being used. I do not think it has to be obscene language. I think many of the words we think are obscene today may in two or three years not be. We use today words in common conversation which five or four years ago would not have been used, so the language is changing all the time and I hope that

we will, as we try to enlarge the participation of our community of individuals within the community, keep a timing of contemporary attitude to contemporary language.

**Mr. Fortier:** Leaving aside words, what about pictures? Would you have any qualms, for example, about showing on any one of your stations tomorrow or CJOH today “I Am Curious, Yellow”?

**Mr. Griffiths:** Yes, I think I would.

**Mr. Fortier:** You would; why?

**Mr. Griffiths:** Well, personally I think “I Am Curious, Yellow” is a sex exploitation film and I would have no objection—I am not objecting to scenes of nudity or copulation or anything of that sort. I think that picture was made with this purpose in mind and for that reason I think the values that are involved in that picture are not those that I would like to see on my station, but I would have no objection and I would fight with the Chairman of my Board to put on a film that might have similar scenes in it if they were in a sense—I will not say done in innocence, but done with some artistry and some purpose other than sheer exploitation.

**Mr. Bushnell** might have a different view and it is very difficult to legislate in these matters because everybody’s objection has the same weight, so to speak.

**Mr. Fortier:** You know how this movie and others like it are playing to packed houses in Canada and the United States.

**Mr. Griffiths:** Yes.

**Mr. Fortier:** So that there are obviously a number of people who wish to see this sort of thing.

**Mr. Griffiths:** That is part of the double standard I was describing.

**Senator Everett:** What is your situation now regarding restricted movies on television?

**Mr. Griffiths:** There are no movies that are restricted. There is no censorship on television, not even provincial censorship.

**Senator Everett:** So the fact it was restricted by the provincial censor board for a showing in movie houses would in no way affect you?

**Mr. Griffiths:** No such requirement, I believe.

**Senator McElman:** Mr. Chairman, I believe Mr. Bushnell would like to comment on this question of censorship.

**The Chairman:** Certainly.

**Mr. Bushnell:** May I just add that I was listening last night and I noted that the CTV network announced that it would be showing a movie the next Wednesday evening which they advised would be for adults mainly.

There is no censorship but I think it is only right—I do not disagree with Mr. Griffiths on this—that people should be given fair warning of what to expect.

**Mr. Griffiths:** We customarily do that on a program . . .

**Mr. Bushnell:** Yes.

**Mr. Griffiths:** . . . where we have some doubts about a movie. For instance, we will put up a slide beforehand noting this.

**Senator Everett:** Have you shown a restricted movie yet?

**Mr. Griffiths:** Well, I think we must have but I cannot think of any offhand. Some of the Italian movies, 8½ . . . The Women was, I think, restricted from some provinces in the country. Yes, I think, is the answer to your question. I do not know what numbers.

**Senator Everett:** In those provinces in which they were restricted.

**Mr. Griffiths:** Yes. Well, we will, of course, only show it in this one. I do not know of any movie that actually succeeds in being banned in all provinces.

**Senator Everett:** I expect that is right. Do you think you have shown a movie that was restricted in Ontario to Ontario audiences?

**Mr. Griffiths:** I cannot think of any. Mr. O'Connor reminds me that The Women, for instance was a movie with Sophia Loren, I think, made in Italy. That was restricted to over 18's in the movie houses and that film we have shown, as an example.

**The Chairman:** At the end of your brief you are talking about your future plans. You say . . .

**Mr. Griffiths:** May I just say something?

**The Chairman:** Yes, of course.

**Mr. Griffiths:** On the matter of, for instance, in our news program we had one feature I can remember quite a long film—a small little documentary on nudist colony that was operating not far from Ottawa in the Laurentians and showed pictures of nudity in this, not depraved pictures, but we accurately in documentary sense gave a picture of that colony and had, I might say, no objections from our viewers.

**The Chairman:** At the end of your brief, in your presentation, you said that it is this decision by Bushnell's part that has caused speculation in the press and to some extent apprehension in the Toronto papers. Was that apprehension equal in all the Toronto papers or were you thinking of one paper more than another?

**Mr. Griffiths:** Well, we have had some apprehension in all three papers. The Telegram customarily views with alarm. The Star has from time to time, but I think perhaps a little less so, and George Bain wrote a series of articles some time ago . . .

**The Chairman:** I want to ask you about Mr. Bain.

**Mr. Griffiths:** . . . which in a sense were less directed at Bushnell but had some concern for the company's plans.

**The Chairman:** When you say the Telegram customarily views with alarm, that leads me to ask you about the rivalry—I did not say "hostility", I said "rivalry"—which is reputed to exist between yourself and John Bassett. Is this just newspaper talk or is there a real rivalry?

**Mr. Griffiths:** There is no rivalry between John Bassett and myself. I had not known John Bassett really until he became involved in television but I've come to know him and I have a great respect for him and I think if I were choosing a broadcasting partner in Canada I would choose John Bassett as one of the people.

But John Bassett owns or controls a station in the largest city in English-speaking Canada and the CTV network headquarters is in that same city and to some extent the CTV has reacted in much the same way



that the CBC has in that Toronto tends to dominate production of programs and the point of view.

A piece of news invariably, if it excites a Toronto columnist, will find its way on to television. If that same piece of news is interesting in Vancouver but not in all of Canada, it may not necessarily find itself in television, so Toronto does exert a disproportionate effect on broadcasting. To that extent there is a rivalry and we think that should be rectified, not only in the TV but in the CBC also.

**The Chairman:** As far as the CTV is concerned, am I correct in assuming you believe that CJOH is capable of originating more programs that could go on the networks than is presently the case?

**Mr. Griffiths:** Yes. It is our intention to offer more programs as we can make them to the network. We believe they will be of quality equal to any that may be produced any place else.

Now, the choice of programs in CTV is done by a network committee and I could not ask for, you know, a different basis of choice.

If we submit and Toronto submits and the people choose the Toronto programs, they must be better, but I cannot say that has been the reason up to now. The reason up to now is that Toronto has been in the first position to make the best programs and it has done so.

**Mr. Fortier:** Is the CTV network worth preserving?

**Mr. Griffiths:** Yes. I think so, without question. I think it is worth improving.

**Senator Everett:** I think it was Dalton Camp when he was here who said as cablevision becomes more pervasive and the number of channels that are utilized grows, the networks will die just the way the networks did in radio. Is that your view?

**Mr. Griffiths:** That is not quite the way Dalton Camp puts it. I think what will die is the kind of network organization that we have today. I think what will survive is the creative capacity of networks because obviously we have to make more programs so if networks consist of creative people and facilities, they will not only survive but they will increase.

On the basis of organizing programs—basically the CTV network is an organization to sell advertising in order to put on programs. I think the nature of

broadcasting organizations is going to change and to that extent I think the networks are going to die.

I think the CBC will undergo somewhat similar changes although its purpose is not just for the organization of advertising sales or support. It does have other characteristics which are not necessarily ones that are needed in a different kind of system. Not all of CBC's employees are making programs.

**Senator Everett:** Did network radio die in the United States?

**Mr. Griffiths:** Well, no. It goes on today but certainly in a much different form. The number of networks was reduced with the increase in television.

It has been fairly difficult to run networks when sizable numbers of listeners really only listen in the early hours of the day and perhaps late at night. It is not a very economical basis for network operation. It is not like the days when radio networks really provided the basic cultural information and entertainment service in this country. They do not any longer.

**Senator Everett:** I am not sure what Stanley Burke was saying but I thought he was saying that cablevision would completely localize all television broadcasting.

**Mr. Griffiths:** Well, Stanley Burke has said some strange things from time to time and that may be one of them. I think cablevision certainly has the ability to provide increased local participation but I do not think it is limited to that. I think cablevision is capable of doing anything that conventional television is doing.

After all, it is the same thing. It is just a different form of distribution so that any visual signal you send down the line is going to have the same impact on the screen as one transmitted through the ether.

**The Chairman:** I do not want to ask you about all kinds of things that have happened in the past but this one is, I think, of interest to us and that is the hiring and retiring of Laurier LaPierre and Patrick Watson at the station.

Why precisely did they leave? There has been a great deal of newspaper comment and speculation but perhaps you could answer that and then I could ask you the next question.

**Mr. Griffiths:** We hired them for different reasons in a sense although they have been associated in the public minds together. We did not hire them in that way. Laurier LaPierre had been associated with the station for several years. I had been trying for several years to attract Patrick to our company because, in my opinion, he is one of the best broadcasters in Canada. We wanted to improve our capacity as programmers. My belief was and still is that Patrick would assist us to do that.

After several years of cogitation about it, Patrick agreed to come. He left, I think, because after some time of attempting to be both a creative person and an administrator he really came to the conclusion that it was the creative role that most interested him.

It was not a parting in dudgeon or anything of that nature but it was a quick decision he came to and made; one which I was sorry to see him make but one with which I sympathized. He is still an associate of ours and so is Laurier.

**The Chairman:** Why did George Bain leave?

**Mr. Griffiths:** Well, George had been a contracted journalist to us for three or four years and he left because, as he said, he wanted to write two or three or four articles which he did not think he could write if he was on the payroll of the station, and I respected his viewpoint.

It is my intention to offer him another contract as soon as he returns from Latin America. I do not know whether he will accept it.

**The Chairman:** I wonder if you could tell us about this. There was a controversial—I should not say “controversial”—there was an experimental news format involving Laurier and Patrick Watson in which the news included their own editorial viewpoints.

**Mr. Griffiths:** Yes.

**The Chairman:** It was an experiment.

**Mr. Griffiths:** Yes.

**The Chairman:** Could you tell us about it? We may be terribly interested in how it worked and presumably it has been abandoned; why?

**Mr. Griffiths:** Well I hope not all abandoned.

**The Chairman:** That is what we wanted to know.

**Mr. Griffiths:** Well, the news is changing considerably in broadcasting and it is changing, I suppose everywhere.

Up until fairly recently the concern of news broadcasters or stations making news broadcasts has been to deal with subjects objectively. The CBC is still concerned with this. I am less concerned with objectivity. I am more concerned with fairness. Even if you have a news staff which is trying its blindest to be objective, it can only exceed in being objective to the extent of its ability to be so or to the extent of the sources of its information.

We tend to think that the material carried in the Canadian press or American press is objective material but we all know anything that comes out of Vietnam through the Associated Press is not objective. It is from an American viewpoint.

The same is true of material coming out of many countries so for the same reasons we should not really expect objectivity in material originating in the country of people's attitudes to it; so we feel the experiment should be to put on a program that deals with the news as factually as we could and then let people's biases show and announce them as biases. I say “That is the position”, in the belief people are capable of making up their own minds and being critical or able to accept or reject arguments that they see advanced by personalities.

Now, to that extent this was an experiment. It did not work partly because the participation of the biases was uneven. Although we tried to set up various viewpoints, some people with viewpoints were better able to express their point of view than others with a different point of view but less ability to connect with people at home, and that probably is a continuing problem in trying to develop this kind of program.

We did find that over a period of time people start to connect with Patrick. He is a good communicator. He has a point of view. He was able to express his point of view and often to elicit information from other people and to some extent I think he was successful in keeping his own views in public notice so that you could allow for them. I think Laurier was less able to do that. Laurier was emotionally involved in many of the issues in which he dealt and his emotions showed. That is not necessarily a bad thing there are other emotionally involved people on the program but in some cases there were not, so to that extent the program was unbalanced and on occasion was unfair.

We still will carry on experimenting because we think that part of the problem is that people at home are not to rely, or now do rely, on electronic media for their news information. We have a greater responsibility as distributors of this information to try to assure the validity of the material that we transmit, and this includes improving our sources of material and not just taking the Canadian Press and not just taking AP, not just confirming middle-class liberal prejudices that most people have but in a sense trying to find a wider sphere and to require and to inject into our newscasts a wider segment of opinion.

In this respect this is the very opposite direction to the cold man who stands up and reads you "Here is the news," but we think this is a better development of the news and this is what we intend to persevere with.

Does that answer the question?

**The Chairman:** Yes. So your project has not been abandoned?

**Mr. Griffiths:** No.

**The Chairman:** Your policy continues.

**Mr. Griffiths:** I would welcome your reaction to this approach to the news or that of the Senators.

**The Chairman:** Are there other questions the Senators may have? Mr. Fortier?

**Mr. Fortier:** I have a few and maybe I should limit it to one.

**The Chairman:** All right.

**Mr. Fortier:** I think the members of the Committee should hear from Mr. Griffiths his reaction to the CRTC announcement of last Friday.

**Mr. Griffiths:** As far as cable is concerned?

**Mr. Fortier:** As far as the cable industry is concerned.

**Mr. Griffiths:** I see some cable people sitting in the room. They may shoot me as I leave the room but I took comfort in the CRTC's announcement.

**Mr. Fortier:** I cannot say that surprises me.

**Mr. Griffiths:** Well, I think that first of all it was an advance as far as some cable operators were concerned

over what had been announced previously. Up until then there had been an absolute ban on the importation of stations by microwave and this did permit some limited importation for some cities cut off from the American border. This represents an improvement in their broadcasting choice. To that extent it was good. They may not have had the full range of stations that were available but at least it was something.

I also took consolation in that I thought the language dealing with networking was improved and more positive than any announcement that the CRTC have made in the past, and the system of priority which it announced as a means by which wider services could be incorporated in the service, having accommodated the priorities, was to me a logical one.

As a matter of fact it was along the lines of some suggestions we had made to the CRTC in consultation ourselves.

Personally I think the question of blackout is one that the CRTC itself will be looking at some more, if there are practical problems. I really see no point in blacking out stations on the cable in a city like Toronto where access to those stations is generally available anyhow. I think the CRTC are open to that sort of suggestion so really I think that this was most encouraging statement that the CRTC have made on cable to date. I was surprised at some of the reaction that I saw of cable TV.

**Mr. Fortier:** They are going in the right direction, as far as you are concerned.

**Mr. Griffiths:** I think what CRTC is going to have to do is to measure these announcements. I think they must take the consequences of these announcements.

Sometimes just thinking aloud can cause the most diabolical complications to people. One company was ready to go out with a public underwriting and the floor fell out from underneath them. I do not think the CRTC thought that one through enough. I think they will have to in future as they start to depend on the public more and more for financing but in general, these are my comments.

**Senator Everett:** There are many questions which come to my mind but I have just one supplementary question. It seems to me in your brief you mention the eventual failure of the advertising financing system in Canada to provide as varied a television service as viewers want. You talk about the tremendous enlargement of the number of channels that are going to be available and the responsibility evolving on the cable operator.



**Mr. Griffiths:** You are wondering how I made that translation?

**Senator Everett:** No. I was just wondering when I read the CRTC recommendations, it seems to me that they have given notice that they are not about to let that happen and that seems to be in conflict with your view.

I wonder if you would like to comment upon that?

**Mr. Griffiths:** Well, I do not ever expect to be wholly in harmony with the CRTC but perhaps...

**Senator Everett:** You sounded earlier as though you were.

**Mr. Griffiths:** I am from time to time; most of the time in fact. I think the CRTC understands that cable is going to be at some speed the main means of distribution of television broadcasting in this country.

What the CRTC has to face, and it is a very difficult thing, is that they do not want to preside over the liquidation of one system that has provided some kind of service before there is another system that can provide an equivalent or better service, and at the present time cable operators are neither able financially nor in terms of facilities or in their mental adjustment to the acceptance of their role in programming, to replace conventional broadcasting.

I think that is something that is going to have to develop over the next years. I think they will develop very quickly. When that develops, the speed with which that develops is the inverse to the speed with which the conventional system will disintegrate.

**Senator Everett:** Do you think the CRTC will be then forced to change its views?

**Mr. Griffiths:** I think the CRTC always is trying to be contemporary, or something in advance, or anticipating. I think the natural consequences of its action will be to revise its point of view. Its history to date has been that in terms of cable. I see no reason for it to change.

**Senator Everett:** In effect what you are saying is that their present policy is not viable in terms of the inevitable future of cablevision.

**Mr. Griffiths:** I think that and I think the CRTC say that themselves.

**Senator Everett:** Thank you.

**The Chairman:** Well, Mr. Griffiths and Senators should perhaps say—not in the sense of apology but in the sense of explanation—we have felt, and I think you appreciate it, somewhat inhibited in asking you so many questions which would jeopardize you.

**Mr. Griffiths:** Not at all.

**The Chairman:** I was going to say notwithstanding those inhibitions which have been on our part, you have been very frank and very full and you have said many things which are terribly useful to us.

Perhaps I could read a quotation from one of the awful Toronto newspapers. This was the 28th February, 1970, an article which begins:

“‘Chief Troublemaker’ reads the black and white sign on Stuart Griffiths, desk high atop CJO Ottawa television station. The only trouble is that nobody but Griffiths seems to think it is a joke. For the past year Griffiths has been the man talked about, speculated upon and gossiped about by Canadian broadcaster.”

Of course, to be all those things you would have to be the busiest Canadian broadcaster and that is what we thought twice before asking you here, but I hope we have demonstrated by our approach we have been interested in your views and not simply the grand old man as it sometimes has been referred to.

**Mr. Bushnell:** May I make one comment.

**The Chairman:** Yes, of course.

**Mr. Bushnell:** It was I who bought that little picture for Mr. Griffiths. I would just like to clarify one thing if I may. I will only take a few minutes.

**The Chairman:** Do you want equal time on that?

**Mr. Bushnell:** No, not necessarily. Mr. Griffiths and I have not only been colleagues but very close friends for these many, many years.

When I made such a blunt reply in connection with a certain program and said “Yes”, that, I may say, was my personal reaction.

Mr. Griffiths and I and our colleagues, Mr. F. and others, sit down around the table and discuss these matters and I think it is my function as Chairman of the Board to bring such matters to

attention of the Board. We brought this one particular incident to the attention of the Board. No one was rapped over the knuckles for what had been done but the Members of the Board said that so far as possible we should try to have these particular words, which were used, omitted from our programs.

Might I conclude by just making one further observation? It might be helpful to the members of the committee to know of the composition of our Board of Directors, now in number nine, initially seven; but of those seven, six are still the Directors who were appointed at the time that this company was given its charter.

They are a Chartered Accountant, Mr. Dunbar Bishop from Montreal. An economist, Dr. O. J. Firestone, who is I am sure well known to many of you, and is a resident of Ottawa and on the staff of the Ottawa University.

A motion picture theatre vice-president, Mr. David Greisdorf, again one of the members of our original shareholder's group.

An architect from Ottawa, Monsieur August Frigon-Martineau rather. I am looking back a long time when I mention Dr. Frigon.

A lady, who has recently joined our Board, Madam eanne Sauvé, a broadcaster and well known, I am sure, as a great Canadian citizen.

We have the Executive Vice-President of a large investment company, Mr. David Bulloch. And then three of us programmers, I would call it, broadcasters of some experience. Some of us learned our broadcasting prior to the advent of the CBC but three of us, one time or another in our respective careers, have been members of the staff of the CBC and they are Mr. Griffiths, our President and Managing Director, Mr. Faibish, the Executive Vice-President, and myself.

I would just like to say one further thing. I believe that some of you good people were able to visit our studios last night. I should have been there to welcome you but my doctor at the moment tells me to take things a little easier. That edifice, if I might call it that, is not built to do honour Ernie Bushnell. It is a national building and it is there for one purpose only and has been equipped for one purpose only—at considerable expense, I might add—to produce Canadian made programs.

Personally I have been through five, what might be called, crises in my career starting back with the Aird, Frigon, Beament Commission. We are still in business.

We accept any challenge that anyone can put before us. We look forward to the future with confidence.

Thank you.

**The Chairman:** Thank you very much, Mr. Bushnell. Again Mr. Griffiths, thank you. We would have liked to ask Mr. Faibish some questions but time does not allow.

Thank you so very much for coming. I say to the Senators that in five minutes, at 4:30 we will receive the brief from Monarch Broadcasting Company.

The meeting is adjourned for five minutes.

—Short recess.

—ON RESUMING AT 4:30 p.m., April 16, 1970.

**The Chairman:** Honourable Senators, if I may call the session to order. The remaining witness this afternoon is the Monarch Broadcasting Company Limited, CHAT in Medicine Hat. Here with me is Mr. Orv Kope, who is General Manager of CHAT Radio and CHAT-TV.

Mr. Kope has been at several hearings so I think he has some familiarity with the procedure we follow here.

You make an oral statement of ten, twelve or fifteen minutes and then we ask you some questions on your oral presentation and on your written brief and perhaps on some other matters which are of interest to us; so why do you not just proceed? Welcome, and thank you for coming.

**Mr. O. Kope, General Manager of CHAT Radio and CHAT-TV:** Mr. Chairman, Honourable Senators: Our brief strayed from the guidelines that you sent us mainly because in our case we concur with the brief that has already been heard by this Committee that was presented to you by CAB, and we thought that in our case you just may like to hear the way it is.

**The Chairman:** Fine.

**Mr. Kope:** How we at Medicine Hat do things and possibly how we will continue to do things.

As you all know, I am from that city that Rudyard Kipling referred to as having "all hell for a basement". I am pleased to be here today to tell you a little of what has happened with our operation over the past twenty-four years, and later to answer any questions which you may have.



CHAT Radio was one of the Stations which burst upon the Canadian scene after the Second World War. Plans were drawn on the basis of available equipment and capital and we still operate from the same single-level building and with a lot of the original equipment.

The station launched into community service from the outset. For instance, if there was a blood donor clinic or a drive for needed funds for a worthy cause the station covered whatever events would be most noteworthy and the staff participated in every way possible.

In those days—if Senator Hays were here, he would attest to this—the roads in the rural districts were still trails and because of the lack of motorized transportation many farmers and ranchers still made their trip to town in horse-drawn buggies and wagons. Those who had cars or trucks did not wish to drive at night and with no telephones, the result was that CHAT became the message centre of the area. This type of contact with our listeners has remained over the years and we take pride in the fact that most of the people who are in our sphere of influence regard us as personal friends.

As the market progressed, the station grew in experience and began to build up the monthly billings; more and more excursions into the unusual were made possible. More imagination was used in programming—in the production of commercial messages—in self-made sound effects and—yes—even musical jingles. In fact one of our commercial jingles was so successful that it was purchased by a national firm and was played on many radio stations across Western Canada.

That, of course, also was the era of promotions such as mystery sounds and mystery voices with jackpot possibilities that kept many people listening. Just to remember a very successful promotion outside the station, at our suggestion the Medicine Hat Exhibition and Stampede Company hired a flagpole sitter, with the young lady located right at the City Hall corner, and CHAT's involvement included a complicated two-way remote conversation via land line with our control room announcer and the lady flagpole sitter on her high perch. The daily conversations kept interest high and promoted the local Stampede and Exhibition quite successfully that year.

Since its inception, CHAT has always gone to "where the action is" and has continued to report and comment on the Medicine Hat and district scene with directness and accuracy. The flexibility of radio has made CHAT the prime news source for the area and

our news department of five capable people has an insatiable appetite for the facts. We carry four major newscasts daily, twenty-one newscasts on the hour and half hour and a ten-minutes CBC presentation at nine a.m., and The World at Six which is a half hour CBC presentation each evening.

Like any modestly budgeted local operation worthy of the name, CHAT has been and continues to be the springboard for leaps into greater things.

As I mentioned in our brief we supply basic training of the best possible type and versatility is available to young people who can apply themselves to broadcasting as a challenge and vocation. In addition to those people we mentioned in our brief, there are others who got their start with us, such as Cathy McIvor who is a writer for some of the ABC shows out of New York; Merv Stone who is the chief film producer for the CBC; Irv Shore who is Mr. Morning Man in Edmonton; Lloyd Colthorp, a Vice-President at CHAN — CHEK TV., Vancouver and Victoria.

Although we cannot take any personal credit Medicine Hat can boast the contribution of people to the world of entertainment, art and photography, sports, journalism, finance, industry and politics. Why in the theatre has not heard of Tommy Tweed and Bruno Gerussi? And certainly everyone knows Alexander Chernywech who a few years ago was favourite performer on the Old Time Dancing Party of CHAT and today is Canada's champion Old Time Fiddler and known as Al Cherny, a regular on the weekly Tommy Hunter Show.

There is Roloff Beny, a Medicine Hat artist and photographer commissioned by the Secretary of State during Centennial Year to photograph Canada. His book, "To Everything There Is A Season", has become a Canadian classic. Joseph Fisher and Al Kaleta, former NHL hockey stars; Clyde Gilmour of the Toronto Telegram, Bert Cannings of CFCF, both native sons of Medicine Hat. Walter Gray and Graham Trotter, also journalists. Mr. Bill Currie, former president of the Canadian Imperial Bank of Commerce and now Vice-Chairman of the Board, Western Division. Mr. Arthur Atkins, former President Ogilvie Flour Mills. Mr. Ken Jamieson, Chairman of the Board, Standard Oil, New Jersey.

In the political arena, Mr. H. A. Olson, Canadian present Minister of Agriculture, and also from our present Premier of the Province, the Honourable H. J. Strom, and of course, a former Member of Parliament our beloved, the late Senator F. W. Gershaw.



If I may, I would like to stray from my written presentation for just a moment here and say that I really do not know why broadcasting supposedly is the chosen instrument of that which has to do with the arts or Canadian culture or the identity of the country.

For instance, I mentioned earlier that the Canadian from Medicine Hat, Mr. Roloff Beny, was commissioned by the Secretary of State during Centennial Year to photograph Canada and the book is now selling on the stands at \$30. a copy and it is a beautiful edition, and yet that book was printed, published and bound outside the country—Italy, the United States and Great Britain; I would hate to call people from the country of Great Britain foreign but that is the way it is turning out in our business today.

However, I do have something with me which is very Canadian. It is a book called "Saamis, the Medicine Hat." It was written also during Centennial Year. It is the story of Medicine Hat written by Senator Gershaw and I do not know whether you have read it, Senator...

**The Chairman:** No.

**Mr. Kope:** I would like to present it to you on behalf of the people of Medicine Hat and our station. I would like to think once you have finished it you will probably allow the other Senators to look at it as well.

**The Chairman:** Thank you very much.

**Mr. Kope:** I also mentioned in our brief we are very active in community involvement and one of the things we have done—we think we have the greatest girls' choir in Canada. They are called the Teen Tones and we are responsible for this recording. This recording, by the way, is on sale. We tried to sell enough of these and with other projects to send our girls to Osaka this year to be Canadian ambassadors, it is as usual like in a lot of things we start a little late and we couldn't get them there, but we are planning on sending them to Great Britain next year to act as ambassadors for Canada and the Province of Alberta and also Medicine Hat, and as I said we are raising money by means of this album. Senator, I would like to give this to you also and even though I cannot give it to you, I will collect \$5. from you after the hearing over.

**The Chairman:** Thank you.

**Mr. Kope:** Now, I cannot, as our brief suggests, stress too strongly the part which we play regarding

community involvement. Whatever happens in our broadcast area we are there, if not with our microphones with at least a news report.

We pride ourselves on having a finger on the pulse of the Community.

Over the years we have, at least in our opinion, been pretty good corporate citizens. We pay our bills, our taxes, and our people are well looked after. We have expanded our operation, kept in stride as much as possible with technology and maintained, at least we believe, a good image. But to continue to operate, to continue to keep involved, to continue to be a good corporate citizen, we must remain flexible. To cite an American expression here, we have to stay loose and not lose our cool.

We have hit the odd home run in our ball-park and we don't mind taking our turn at the plate, but when the umpire narrows down the strike zone, ties a hand behind your back and then hands you a heavy bat and says, "Go to it, boy", and when the league governors decide you are going to play more games for less pay, it makes the game a little lopsided and all the fancy words and the fancy series are not going to change that one bit.

**Senator Smith:** You can still bunt.

**Mr. Kope:** If you keep one leg tied, you cannot do that either.

**Mr. Chairman,** Honourable Senators, you are looking at a person who believes that he is as much a Canadian as any other man in Canada, a Canadian who served in the RCNVR during the last war, a Canadian by choice, a Canadian who has also a little smidgin of talent and a Canadian who is also a broadcaster and very proud of it; and as a Canadian broadcaster in a market the size of Medicine Hat and also being a grass roots citizen of the community I can say, because I am in the market place that if I am left alone I will do the job. My people, our audience, are not really concerned about American influence. They will still be good citizens of Canada as long as they can also have the freedom of choice—and if this Committee can be of any assistance, if you will keep the strike zone where it is, or even widen it, if you can untie that hand from behind my back, I will take my turn at the plate and do my damnest to hit another home run in the name of national unity and the Canadian identity.

**The Chairman:** Thank you very much, Mr. Kope. Thank you for the book. Thank you for the record. I thank you also for reminding us it is the baseball season.

Senator Sparrow will start the questioning.

Would you like me to repeat the question?

**Senator Smith:** Dr. Gershaw wrote that book, *The Short Grass Country*. You will remember that one. He was a very fine man.

**The Chairman:** I do not think that will be necessary, Senator Sparrow.

**Mr. Kope:** Yes, he was. We loved him very much.

**Mr. Kope:** Well, I suppose you are asking me: How can we keep and maintain staff? Is this one part of your question?

**Senator Sparrow:** I am sure the Chairman expressed our appreciation for you being here but we are particularly pleased because we have been dealing to a great extent with larger organizations, group ownership and this type of thing, and I think it is important to us to have you . . .

**Senator Sparrow:** Yes.

**Mr. Kope:** I am glad he qualified that, are you not?

**Mr. Kope:** Really we have people who have stayed with us a long, long time mainly because they want to stay in a smaller community where they do not have what you might call the rat-race of bigger centres.

**Senator Sparrow:** . . . because you have the opportunity of a greater listening audience to discuss the problems that may arise from a broadcaster in a smaller community. I think your brief says there is a population of 27,000. The first question perhaps would be to explain further to us—although you did reasonably well in the brief—the particular problems that a broadcaster would face in a community and in a market of that size; and I would particularly refer, I suppose, to the types of community programming problems that would pertain to that and also staffing problems? I appreciate you refer in your brief, in numbers 53 and 33, to staffing and training, and you also spoke in your verbal presentation about training good staff and they leave you. You showed a little pride in the fact that they had gone to the great heights, which is a good thing, and in fact are contributing to Canada as a whole now but this must in turn create extensive problems for you.

Usually these have been people who have been born and raised in our community, and like all other markets similar to our size we have people who use us as a springboard. They can get their experience from us and go to the bigger cities and really it is not the money all the time. It is the idea of being able to get to a larger market, the prestige, being heard, the possibility of or the desire to get to the top like on one of the networks or possibly even down to the States.

I wonder if you would elaborate on that and while you are chatting with us—I used the word “chat” just quickly and I did not mean it that way as a pun.

Mind you, we are having a lot less trouble lately than we were and that is mainly because our viability has been better, our revenue has been coming in better. We can afford to pay them more money and as a result we have kept a lot of people. Where we used to pay them say \$250 or \$300 a month, they are now getting \$400 and \$450 a month.

**The Chairman:** I certainly hope not.

**Senator Sparrow:** I am sorry. To what people are you referring?

**Senator Sparrow:** Would you elaborate perhaps a little further for us on the effects that the CRTC may have on you as a broadcaster in a small community, particularly with respect to Canadian content? You said, I believe, in your remarks that you agreed with the CAB position as far as broadcasting is concerned and the regulations; but I would like to know the particular burdens that are on you because of the CRTC regulations and also what benefits there may be, because I think there may be benefits to you in your particular area, of certain CRTC regulations.

**Mr. Kope:** I am referring mainly to announcers and announcing staff because these are the people who usually move on.

Writers are usually women. We lose them for various reasons. They get married and decide to become housewives and mothers rather than continuity writers, but mainly as far as the announce staff is concerned these are the people that are concerned and with which we have difficulty.

**Senator McElman:** They have another type of continuity.

**Mr. Kope:** Another type of continuity. Well, you write the script one day, but that is a difficult thing for us to do.

Mind you, now we also have television we can give a an exposure on both media and this helps to keep m also, but it used to be real tough in the earlier ys when we used to be radio. It was a tough thing th which to contend but not as much any more.

**Senator Sparrow:** Supplementary to that then, while are talking about this. Could a radio station and a 7 stations survive in that community if they were parately owned?

**Mr. Kope:** Not the way we are operating them. I nk possibly they could. I do not think they would good operations.

would have to say our operation on television is ond to none and I believe our radio station operates l same way.

s a matter of fact we are very proud of our radio u. television operation. We are on the air many more rs than a lot of stations in markets our size. We e on the air at 8:00 o'clock in the morning for rance and we are never off until 1:00 in television. h radio we are around the clock. A lot of stations n many markets of our size do not operate to this ent.

e spend a lot of money in terms of programming in op radio and television, production aids. One of the ons I think we are successful in that market is euse of our news operation. We have a fellow with s who has had at least 25 to 30 years experience in es. We make sure that in all our newscasts there is t at one local item.

. other words, when people turn away, they always et to come back for fear they have missed othing and that is the way we try to operate.

**Senator Sparrow:** You referred, I believe, to 80 per er of your advertising dollars coming from local and 20 per cent from national.

**Mr. Kope:** Yes.

**Senator Sparrow:** Who covers the national market if ot to not?

**Mr. Kope:** You mean, who sells for us?

**Senator Sparrow:** No. How is the market covered for ational advertising?

**Mr. Kope:** Well, magazines come in, for instance, nd billboards which I really do not think count a lot,

but the actual national dollars of the major media go to the Medicine Hat News, which is owned by the Southam people and/or either radio or television, which is owned by Monarch Broadcasting Company.

**The Chairman:** Is that what you meant or did you mean how did they sell it?

**Senator Sparrow:** No, I did not mean how did they sell it. I was wondering what the penetration was from all these sources. Are there other TV stations that come into your area or other radio or outside newspapers, or is it all serviced through the Medicine Hat News itself or in newspapers, radio and TV?

**Mr. Kope:** Do you mean the national advertising money that goes into our area?

**Senator Sparrow:** Yes.

**Mr. Kope:** It goes into the three major media, radio, television and newspapers. I do not think I am following you.

**Senator Sparrow:** No, I think not.

**The Chairman:** I think he is asking you about the extent to which residents of Medicine Hat are reached by national news which does not appear in the Medicine Hat News or television or radio.

**Mr. Kope:** Is that what you are saying?

**Senator Sparrow:** Yes.

**Mr. Kope:** Cable is one, outside signals from other radio stations, Calgary, United States, some from Saskatchewan. A good concentration of readership from the Lethbridge Herald, the Calgary Albertan and the Calgary Herald. I think that would be all.

**The Chairman:** This 80/20 radio, does that apply to both radio and television?

**Mr. Kope:** It used to in radio and television. It still does in radio. We have been a little bit more fortunate than most television stations lately in terms of national revenue.

I would say that would be in the neighbourhood now of possibly 65 or 70 per cent local and the remainder national.

**The Chairman:** 65 or 70 per cent local.



Mr. Kope: That is right.

The Chairman: How about the Medicine Hat News? What ratio do they reach, do you know?

Mr. Kope: I have no idea.

The Chairman: You do not know what they are running nationally? I find that amazing.

Mr. Kope: No, I do not. I could go through the problem, you know, of measuring the thing and finding out.

The Chairman: I am surprised you do not want to know.

Mr. Kope: It really does not make that much difference to me.

The Chairman: Why? I will bet you want the national advertising they are running?

Mr. Kope: Oh yes. But as far as I am concerned any national advertiser who wants to get the message across has got to use radio and television because we are with the community, as far as I am concerned, much more than the newspaper.

The Chairman: Do they not get any national advertising that you do not get?

Mr. Kope: Oh yes.

The Chairman: Let me ask you one further question about the Medicine Hat News, just on this advertising element. Do you feel that the Medicine Hat News is tougher competition both for audience and for advertisers because it is part of the Southam chain?

Mr. Kope: Yes, I do, mainly because they have a sales office or a rep., with which you are familiar, in Toronto and these people are selling on behalf of not only the paper itself but on behalf of the chain. As a result they receive much more national advertising than say a paper in, well . . .

The Chairman: Lethbridge?

Mr. Kope: No, because Lethbridge is with FP Publications.

The Chairman: Red Deer?

Mr. Kope: Red Deer is a good example. Swift Current. I forget what the name of the paper is.

The Chairman: I think it is a weekly only, but the Red Deer paper is a good example?

Mr. Kope: Yes.

The Chairman: Well, that is in advertising. How about in terms of audience and the coverage and the job they do?

Mr. Kope: I think they do a fine job.

The Chairman: But they would do a better job than if they were not part of the Southam chain?

Mr. Kope: No, I do not think so because I think they can draw from personnel. I think the experience of the Southam chain can help a local newspaper and really let it go a little further. I think eventually stations our size and markets our size are going to be absorbed by conglomerates because it's the only way we are going to be able to operate.

I believe this.

Senator Sparrow: Radio and television.

Mr. Kope: Radio and television.

The Chairman: You see no future in Canada for a small independent operator?

Mr. Kope: Yes, I do, but not to the extent that there is today because I think it is much easier and a station can do a community a much better service in a lot of instances. I am not saying in every instance particularly if these new regulations come into effect they will get help from the people who have resources and money and who can span the gap when the gap is tough.

Senator Smith: Mr. Chairman, may I ask a question?

The Chairman: Yes.

Senator Smith: On this particular subject about competition for audience; I notice in paragraph 4 of your brief you have to compete with about ten radio signals which are well heard in that particular area.

Mr. Kope: That is right.

Senator Smith: As well as six channels on the radio system. How much worse could that situation be seeing that you are having a very successful time.

Mr. Kope: Yes, but . . .

Senator Smith: With that kind of competition.

Mr. Kope: Yes, we do.

Senator Smith: There are lots of places where the competition is not anything like that.

Mr. Kope: But you must remember one other thing. We own part of that cable system too and we have applied to buy the rest of it from Famous Players; I forget whether I mentioned that in my brief or not.

Television could never have come into Medicine Hat had it not been for radio. I am now saying that radio and television will exist in that market only, from a viable point of view, as long as we own the cable system also.

If we cannot, we are going to have to cut back our operations on both radio and television to exist.

The Chairman: If the CRTC said to you "Okay, CHAT, you can have either cable or the broadcasting set-up", which would you take?

Mr. Kope: Well, since we own all of them, I would say all.

The Chairman: No, but if they said . . .

Mr. Kope: I would have to think at this point in time I would have to say cable. I would have to say cable, again depending on what they are going to do with the cable regulations.

You see, local programming, for instance, on cable is practically impossible in Medicine Hat. What do you program?

The Chairman: You do not agree with the new CRTC regulations on cable?

Mr. Kope: No, I do not.

The Chairman: Or on Canadian content?

Mr. Kope: No, I do not.

The Chairman: Senator McElman?

Senator McElman: I have been reading of late, Mr. Kope, that the advertising dollar is starting to leave television and going back to print. Is this the case in your area?

Mr. Kope: Not now.

Senator McElman: Has it in recent months?

Mr. Kope: No, it is not true in our area but I can see it coming true, the reason being—I do not know whether this has been explained to you before. For instance, there are so many advertising dollars to spend. Now, if an advertiser wants to get into television and he cannot get on the major stations in Toronto or Montreal where he has to have coverage, I can see him then pulling his money out of television and going to a different media. It may be radio, it may be newspaper, because he has to have that coverage in those two areas on either one or both of those stations that are in those areas now; otherwise why go to all the expense of doing a television commercial and putting all the money into the production that is required for a television commercial if it is not economically feasible?

The Chairman: I think maybe Mr. Spears wanted to ask a question.

Mr. Spears: Well, there was something that arose there. Mr. Kope, you have spoken of the reliance of your television operation on radio. We were told earlier today by the people from Bridgewater that a radio station cannot be viable in a community that is smaller than 75,000 which was the figure they gave. You have a smaller market area than that and you have both a radio and television station. What is your secret? How does this happen?

Mr. Kope: I work at it. I would say I do not know Mr. Hirtle's position in Bridgewater. All I know about Mr. Hirtle is that I think he is a tremendous operator.

The Chairman: Did you think that prior to this morning?

Mr. Kope: Oh yes.

The Chairman: You have known him?

Mr. Kope: I have known John Hirtle for a long time. I have admired him greatly.

Mr. Spears: But you have a smaller community supporting a radio station.

Mr. Kope: Well, I do not have a smaller community in terms of people. I have a larger community. I have got 27,000 people in my town. He has got 5,000 people from what he said this morning.

**Senator Smith:** Oh yes, but he covers half a dozen towns in all that rural area. There are 75,000 people.

**Mr. Kope:** Okay, fine. He has got that many people. How many merchants has he got? How many potential advertisers are there in that area as compared to ours? I cannot answer that question, I do not know.

**Mr. Spears:** But you operate your radio station around the clock? What is the reason for that? Who is listening at 3:00 a.m.?

**Mr. Kope:** Oh, I just about said that naughty word but I do not think I dare.

**The Chairman:** What was the word you almost said?

**Mr. Kope:** My answer to that one is this and I am not being facetious—who is listening at 3:00 a.m. in the morning in Medicine Hat? Well, the answer obviously—anybody will say nobody till somebody swears on the air and then everybody has heard it.

Ours also is an industrial town. For instance, Ogilvie Flour Mills, Dominion Glass. People work around the clock in 24-hour shifts. As a result there are watchmen in factories; there are restaurants which are open around the clock, there are industries which are open and people have the radio on and it is also a service in terms of people who have insomnia who sometimes like to listen to us.

We realize we do not get many.

**Mr. Spears:** It really is a very small audience.

**Mr. Kope:** Yes, very, very small. We realize this. It is one method also, by the way—and I must be completely honest—of not shutting down our transmitter because it is much more economical for us to leave the transmitter on in terms of tube life, so why not run around the clock?

The problem is that we then have to hire a man. According to government rules you cannot leave a transmitter on in this country unless you are broadcasting something on it, so we will hire a youngster who is trying to get into the business and air check him every so often, but we will let him run that shift say from midnight or one o'clock until six in the morning, until the experienced man comes on.

**Senator McElman:** Or until he uses one of those words.

**Mr. Kope:** Well, if he does, he had better not let me hear he did because he is done right there and then.

**The Chairman:** I would like to talk for a moment or two about this rather bleak future that you paint for broadcasting in Canada, that the independent operator is going to disappear, presumably because of the 30 per cent regulation.

Do you seriously believe that?

**Mr. Kope:** I do not think he will disappear. I hope I did not . . .

**The Chairman:** No, I may be misquoting you.

**Mr. Kope:** I say that it is going to be tougher for him to operate. I think it is going to be easier for him to operate if he is under the wing of one of the conglomerates or one of the Maclean-Hunter or Selkirk Holdings type of thing; simply because there is not enough material available, people or records; for us right now to comply with this regulation.

There certainly is not enough local talent that we can put on the air and a microphone is cruel, as you know, to local talent. It is not good for any talent that really is not that good so therefore it is awfully tough for us to do something when we really have not got the tools nor can make the tools to do it.

**The Chairman:** Do you agree with the objectives of the CRTC in this area of trying to have more Canadian content?

**Mr. Kope:** Yes, I do, but it is like the birth of a child. It takes nine months and no regulator can do it in five.

**The Chairman:** All right, I take your point, but the private broadcasters have done nothing about it in 25 years.

**Mr. Kope:** Oh, I disagree with you.

**The Chairman:** Tell me why I am wrong.

**Mr. Kope:** Well, you are wrong first of all because we do have talent and we have nurtured talent in terms of people who write and who announce and who really play musical instruments in a lot of instances; not so much any more because they go on television, but we used to have local programs where the kids came in and played the piano, played the violin.



We have a Western group in town right now that we tried to get to go on television. We tried to get them to go on radio but there is that continuity thing again. You cannot do it for any more than three or four weeks in a row because they are just not available to you.

One thing we do on radio—and this, of course, is a different thing, but we do bring in groups. We will bring in groups and we will have them do three or four numbers or five or six numbers, whatever the case may be, and put it on a cartridge machine and save their collections this way.

We try to do this as long as it is competitive or at least nearly competitive with the type of music we play ordinarily, but there is no way I am going to put anything on my station which is going to drive listeners away.

**The Chairman:** Would you play this on your station?

**Mr. Kope:** You bet. That is great.

**The Chairman:** Well, what is wrong with having more and more and more of this?

**Mr. Kope:** Because there isn't any more.

**The Chairman:** There has not been up until now but if the CRTC makes this regulation a fact of life or in some modified form, then this kind of music will have to be created.

What is why maybe the regulation is useful.

**Mr. Kope:** Well, let us go back. I think what you are trying to say to me is why can the Americans do it and we can't you?

**The Chairman:** That is not what I was trying to say but I will ask you that.

**Mr. Kope:** All right. Away back when, and this is in the good old days, there used to be the era of the big bands, Glen Miller, Tommy Dorsey, Benny Goodman, who really never had any exposure either until they would get to a Frank Dailey's Meadowbrook or a Glen Island Casino or some place, a palladium type of thing, to be heard by the people who will come to that particular performance, be it a dance or whatever.

I was then and there possibly they might get a network contract, *might*, in those days of network, but it was only after they became famous that they

were on recordings and after a guy gets on recordings and he can sell them, he has got it made, as far as I am concerned.

There has not been any place in Canada and particularly in the West and the smaller centres where talent can be heard. We are now in the Province of Alberta finally opening up cocktail lounges and various other establishments where talent like this can get a chance to be heard and can get a break.

Now, I do not think it is up to the radio or television station to do this until at least that talent basically becomes at least half competitive with what the advertisers are used to hearing.

**The Chairman:** Well, I have records at home by Mart Kenny. He was in that big band era.

**Mr. Kope:** You bet. He was the only one Canadian that ever made it that way.

**The Chairman:** But he made it.

**Mr. Kope:** Oh yes.

**The Chairman:** And it seems to me that the regulations will help more people to make it.

**Mr. Kope:** Well, my favourite band today is the Boss Brass, great Toronto musicians. There are no better musicians in the world.

**The Chairman:** Right.

**Mr. Kope:** That trombone section is fantastic, but I said to Lyman Potts, who has them on CTV, "Why don't you get these fellows together and bring them out to Alberta and really I will sponsor them for a week; get them all together some place so the Canadian people can really hear this band in person."

Lyman's answer to me was "Well, I would like to, but they are too damned busy in Toronto making money to take a week or two weeks off so they can be heard by the Canadian people"; so is it my fault, as a broadcaster, that I cannot get the people in the Province to hear what I think are the best musicians in the world in person?

**Senator McElman:** Why cannot they hear them on recordings?

**Mr. Kope:** Because really the recordings are played by the stations. I know they are played by my station

and I know they are played by three or four stations in Calgary.

**The Chairman:** But surely there are groups now performing in both Calgary and Edmonton?

**Mr. Kope:** Yes, there are.

**The Chairman:** Good ones?

**Mr. Kope:** Yes, but as I say this was true even a year ago but it takes time, a natural birth for it to happen.

**The Chairman:** Do you not think that the CRTC by its suggestion and by its discussions which are taking place now and by this discussion we are having today, is giving a new impetus to Canadian music?

**Mr. Kope:** Anything that can further Canadian identity or Canadian talent, I am for, because as I say I am as much a Canadian as anybody else but as I say, also, you cannot do it overnight. You cannot put a date on it and say on September first thou shalt, because you cannot. It is just not available.

**The Chairman:** All right. Senator Sparrow, do you have any other questions?

**Senator Sparrow:** If these regulations that are proposed at least sound the death knell of the small broadcaster, is this the straw that breaks the camel's back, so to speak, or were you faced with that anyway? Are we spending too much time with this regulation alone or was it only a matter of time anyway?

**Mr. Kope:** I really believe—I think it has been mentioned to this Committee—that the Canadian stations as a whole have driven American stations, if you want to put it this way, back across the border.

**The Chairman:** You are talking about radio.

**Mr. Kope:** Yes, I am talking about radio now and I think that is a great and wonderful thing. I think the only reason they have been able to do it is because they have become involved a lot more in their own communities. They have learned how to do with media a lot better than they used to, and mainly this had been done, not in the field of music or any other type of art, but mainly in the field of news and reporting of the news.

As I say they have got something on that makes the people come back. If you do not go back, maybe I missed something they say.

I honestly believe that it is not really the death knell of Canadian stations but what I am saying is that Canadian broadcasters will put on more Canadian when that material becomes available through natural evolution.

**Senator Sparrow:** Just to digress for a moment about local groups and imagination. Where I come from we have a number of local groups who use imagination, two bands in particular. One is called Custer's Last Stand, and the other one is called The Elastic Band.

If you need any imported talent, I can arrange that for you.

**Mr. Kope:** I am assuming one of their favourite songs is "Don't Run for the Round House, Nellie, the Brakeman will Corner You There"?

**Senator Sparrow:** So you have heard them?

**Mr. Kope:** Yes.

**The Chairman:** Well, I want to form a group and call it "The Senate".

**Mr. Kope:** Who is your guitar player? You have to have one to be a success.

**The Chairman:** The other name is "The Fathers of Confederation".

**Senator Smith:** Let us get back to our discussion a few minutes ago which was dropped. I am very interested in Mart Kenny and Norma. Was that his wife's name?

**The Chairman:** Yes.

**Senator Smith:** In those days if they did make it big did they make it big in the States or were they just big in this country?

**Mr. Kope:** I think they were just big in this country and the reason they were big was because they took the time and made the effort and the hard work that goes with it, travelling across the country and being seen in person.

I think this is the first thing that has to happen with this kind of talent. I do not think a radio station can do it. I do not think a record can do it.

An example, The Mills Brothers, I used to hate until I saw them in person. Now, as far as I am concerned, I will do not like their records as much as I think I should, but boy I like them a lot better than I used to because I saw them myself on stage.

**Senator Smith:** I know Mart Kenny and his band came down to the Maritimes and they were a great success wherever they went. I always believed they had a combination of two talents which I believe is common to a lot of potential Canadian entertainers. One is that they were darned good musicians.

**Mr. Kope:** Yes.

**Senator Smith:** And they were darned fine people, and they made friends wherever they went. They didn't have to have public relation gimmicks to make them go.

**Mr. Kope:** I agree with this.

**Senator Smith:** Now, I am one of those people who believe that this country is full of talent if they only give them a chance and perhaps 30 per cent may be too high but I hope the fall-off is not too high.

**Mr. Kope:** No, but really believe me, I want to see more of it too but talent has to give itself a break. There have to be places for talent to be heard. For instance, in our Junior College, just no more than a month and a half ago, the Poppy Family from Vancouver came in. It is about the first time really in six years that we have had what I call famous Canadian talent come to our town. The only reason they did is that they were on their way across the country and they thought we would be a good stop between Calgary and Regina. It cost the kids in the school \$1,000 to hear them and they lost \$400 on the deal but still they came and it was the first Canadian group, to the best of my knowledge, that ever had a hit record to the extent that the Poppy Family has.

I think this is great. I think there is going to be more of this but they can compete—they can compete with the American groups and I think that is important too.

**Senator Smith:** The whole country is full of these kids. I do not know whether I should take the time to tell you but during the recess at a friend's home in my home town in Nova Scotia I heard what I thought was a heck of a good beat going on. I said to myself it is wonder that these people would have that music turned up that loud. They had a beautiful record

player and I thought Lord, they must be out and they have left their record player turned on too loud.

I went into the living room and the thing was off and where was the beat coming from that attracted me? Down in the basement. It was a kids' band in a high school, half a dozen of them, and it was the best kind of a beat you ever heard.

I said to myself if that was one of the most publicized beats in the world, it would not have sounded any better to me and I hope I can tell a good beat when I hear one.

**Mr. Kope:** I agree with you and I hope some day the record industry in this country will do something about it so maybe we, as broadcasters, can do something about it.

**Senator Smith:** We have been told that it is too expensive to make records.

**Mr. Kope:** I will give you an example. I will tell you how expensive it is. There is a fellow—I will not mention the company—but I said "Why would your company not put a record like this together?" This is the best teenage group in Canada, and I swear to gosh it is. I do not know of any better nor have I heard of any better. These girls are wonderful.

He said, "Well, can I hear them?" I said "Sure". I took him back in the control room and he said "Yes, they are not bad". He said "I will tell you what I will do. Give me the album and I will send it away and we will reprint it under our label and if you promise to buy the first 500 copies, we will get you distribution on it."

I said "Why do I have to buy the first 500 copies?" He said "Because then that gets us off the hook".

All right, sure. If we are going to go with a 30 per cent Canadian content, at least let the record companies do something about it and make that 30 per cent available.

**Senator Smith:** Would you agree it is a reasonable thing to suggest that the government or one of its agencies, such as the Canada Council, subsidize Canadian records, instead of giving somebody \$3,000 to go to Paris and paint pictures on the Seine? Let somebody else stay home and make a record and give \$3,000 to the record company as a guarantee he would not lose money on it?

That has been put forward to us, seriously.



**Mr. Kope:** I would like to say that there is merit in that. I would also like to say that it depends on what kind of music is made available on the discs and if the talent can be varied enough, I say "Fine", but remember in the record industry you have to sell internationally before you can make it back.

There is no way you can make a dollar on a Canadian record because you just cannot sell enough of them.

**Senator McElman:** How do they do it in Quebec?

**Mr. Kope:** They are not making that much money in Quebec.

**Senator McElman:** They are viable.

**Mr. Kope:** Not that viable. The reason I think they can do it in Quebec is because they have not got a French nation right down below them that gives them any competition.

**Senator McElman:** Platters were regularly available from France.

**Mr. Kope:** Yes, and still are.

**Senator McElman:** They just would not accept them.

**Mr. Kope:** Well, there is another thing that happened, that a lot of these records you hear in Quebec—and I am not too well versed on it—but I understand that a lot of them are American songs with French words, which I think has to be taken into consideration because then it is not all purely Canadian under today's concept.

**The Chairman:** I do not think that the CRTC has asked for purely Canadian content. I do not think they insist upon Canadian music written and composed by Canadians and sung by Canadians or played by Canadians. I think this would be Canadian content. I am sure a lot of that music is international.

**Mr. Kope:** I just remembered something. I think I should cover it because it might add to this discussion. About four days before I left to attend the CAB convention and the other hearings and the hearing here, I had a phone call from a favourite minister of ours who broadcasts regularly . . .

**The Chairman:** You mean a clergyman?

**Mr. Kope:** Yes, a clergyman, a man of the cloth. He phoned me and said "What is this all about that you are talking about on your radio station and I read the newspapers?" I said "What is it you are referring to?" He said, "Look, I am on your radio station every fifth Sunday on the Sunday morning church broadcast." I said "Yes". He said "Do you mean to tell me when my choir sings O God, Our Help in Ages Past and Nearer My God to Thee and The Old Rugged Cross, that this is foreign?"

I said "Well no, not this year, but under the regulations next year when you need two of the categories, it will be". He said "I will never believe it". I said "You will never believe what, Reverend?" He said "That God is not a Canadian".

**The Chairman:** Well, are there any supplementary questions on that?

You began your statement by saying that your broadcast was short and to the point because you agreed with everything . . .

**Mr. Kope:** Agreed mostly, I said.

**The Chairman:** You agreed mostly with the CAB. What were the things that the CAB said that you did not agree with?

**Mr. Kope:** Offhand, I cannot . . .

**The Chairman:** I am not trying to make it difficult.

**Mr. Kope:** No. Just a minute. I think Crépault's figures were wrong in one instance with reference to what was spent in terms of talent in comparison with the CBC. I disagreed with that and I disagree now. I have not taken the time to look it up. I do not know what it was but I think he was a little high.

**The Chairman:** I think we might send him a letter reminding him of that.

**Mr. Kope:** Do not tell him I said so.

**The Chairman:** Oh no. They have promised to send us a letter.

Well, do you agree with the statements Mr. McGregor made?

**Mr. Kope:** Oh, you bet.

**The Chairman:** You think the more commercial a station is . . .

**Mr. Kope:** The more commercial a station . . .

**The Chairman:** . . . the more audience it will have.

**Mr. Kope:** I do not think that is what Mr. McGregor said. I think what Mr. McGregor said was if a commercial is on a program that program is more acceptable. I think that is what he said. Is that not correct? He did not say the more commercials you had on—I mean he said if the commercials are in the program the program is more acceptable.

**The Chairman:** I think, Mr. Kope, he went a good deal further than that.

**Mr. Kope:** Well, when he made the statement . . .

**The Chairman:** Were you here that day?

**Mr. Kope:** You bet I was. I was sitting over there. I said nice going, Bill, I never thought of that myself. Well, this is true, because we have done this and I will tell you why.

You have got two guys walking down the street. One is wearing a real Dapper Dan suit of clothes. And his shoes are shiny and his hair is cut and he has not got any whiskers and he is walking beside a fellow who has not shaved for four days, his shoes are bare, his hair is all over his head. Which fellow are you going to go after? It is the guy who looks like a success, and that is the way it is with television and radio programming; a commercial on it makes it look successful and sound successful. The more successful a station looks and sounds the more successful it is going to be.

You start putting on sustaining things. In other words why put it on if it is not salable? If it is not salable it is not worth putting on in a lot of instances.

I say the more commercials—not that you have on the station, but the more commercial programs you have the more successful you are going to be because most people are going to want to buy it on your station because . . .

**The Chairman:** Well, first of all is there a role in Canada for the CBC?

**Mr. Kope:** Yes, definitely.

**The Chairman:** Do you think the CBC should go all out in a commercial drive?

**Mr. Kope:** No, I do not think so.

**The Chairman:** Why not, if it would improve the station and sound successful?

**Mr. Kope:** I do not think then it would be fulfilling its mandate. I am talking about the job that the CBC does now in comparison with what I think it has to do.

I would love to see the CBC go out and be more commercially successful. I think they would get more viewers on television. I think their radio network would be a lot better. I believe that.

**The Chairman:** Do you think that commercials are Canadian content?

**Mr. Kope:** If they are done in Canada, yes.

**The Chairman:** Do you think they should count towards the 30 per cent?

**Mr. Kope:** Yes.

**The Chairman:** Senator Sparrow, why do you not go on?

**Senator Sparrow:** Just continuing on that point. You agree in principle with this proposed content regulation. Should there be different regulations for different markets then?

**Mr. Kope:** Yes, I do believe this.

**Senator Sparrow:** Would this solve the problem?

**Mr. Kope:** Yes, it would. It is easier in a community like Toronto, Vancouver, Montreal to get this type of talent and to record it for themselves and to play it on their stations, it is for the Medicine Hats, the Swift Currents, the Lethbridges, and the Red Deers, whatever the case may be.

Eventually I think this stuff may filter its way down into our areas but I do think it takes a lot more time.

I do believe, and it has been mentioned at the CRTC hearings, that every situation should be taken on its own individual merits. I am a great believer in this and I think the Canadian system will build a lot faster and be a lot stronger if this is done.

I do not think you can have blanket legislation because it just does not work in a lot of instances.

**Senator Sparrow:** Are there areas in the regulations that protect you now that you feel are good regulations or would you rather be wide open in your market?

**Mr. Kope:** No, I do not want to be free. I want to have freedom but yet I want to have some guidelines. I think that is only natural.

**The Chairman:** You say "guidelines". Do you mean guidelines or regulations?

**Mr. Kope:** No, I mean guidelines.

**The Chairman:** Well, what would you do with the proprietor who does not meet those guidelines?

**Mr. Kope:** Then I think he should be taken to task.

**The Chairman:** Okay. I have just two other questions. The first one is, at the opening part of your brief you discuss how Medicine Hat got its name and I was interested in that part.

You conclude however by saying:

"Medicine Hat is a small community, free from many of the complexities associated with large metropolitan centres. There are no serious conditions associated with crime, race, colour or creed. Traffic, pollution and congestion problems are minimal. Indeed, it is a very beautiful city to visit and contrary to the old adage, it's also a most pleasant place in which to live".

Are there not any problems in Medicine Hat?

**Mr. Kope:** Yes.

**The Chairman:** What are they?

**Mr. Kope:** Well, for one thing, Senator. I think I opened the brief by saying we have 27,000 happy people.

**The Chairman:** Yes.

**Mr. Kope:** But I did not mention after that, "and a few old cranks". And these are the only people we have trouble with.

**The Chairman:** For example, there is no drug problem with the young people?

**Mr. Kope:** Certainly there is. I mean, we are no different, I think, than any other Canadian community. We have our problems in terms of drugs. We have

our problems in crime and petty crime. All I am suggesting is that because of the size of the community, it is not as prevalent.

**The Chairman:** What is the biggest local problem in Medicine Hat? I assume you all have the national problems, taxes and inflation, but what is the biggest local problem?

**Senator Sparrow:** Apart from broadcasting.

**Mr. Kope:** Right now I would say something which will hold our younger people and I think we are doing something about this now. There is a big complex being built in terms of YM-YWCA, a brand new arena is now being built. We are getting back into junior hockey again. We have got a Junior College going. There is a new college where first and second year university courses which will be offered. This will be built.

It has been in the Vocational School and this will be built inside of a year and a half. I think this will all add to it too.

**The Chairman:** The last question I have—you know, Medicine Hat is a long way from Ottawa. How many miles—do you know?

**Mr. Kope:** Oh, a couple of thousand.

**The Chairman:** You are not as aware, I am sure, of the crisis in national unity as those of us who live here in Toronto or Montreal and yet the Broadcasting Act compels you, as a broadcaster, to contribute to national unity.

How does CHAT radio and CHAT television fulfil that particular mandate? How do you feel you contribute to national unity?

**Mr. Kope:** Well, in the first place I think we do as much Canadian as we possibly can. I also have to say there are Canadian programs and have been Canadian programs on television which have out-ranked American programs on the cable.

One of those programs was *Wojeck and This House Has Seven Days*, as a matter of fact, which I was sorry to see leave the air. This I think is contributing towards Canadian identity and Canadian unity, just be telling people that which is of Canada.

Here we go into news and public affairs again. I think this tells people about Canada and I really think that Canadians today are more proud to be Canadian.



than they ever were in their lives before, but do not ask me why. I do not know why. I just think that happened.

**The Chairman:** How do you handle the special problems of French Canada? Do you attempt to interpret the situation in French Canada to your viewers and listeners?

**Mr. Kope:** No, we do not. There is no need for us to really. How we can do this—I have thought about this often. This is probably through an exchange with one of the French broadcasters and possibly this can be taken into consideration. That is a good point but just how we would do it, I don't know really.

I will tell you one thing that is happening in our schools out there and that is that their French classes are becoming a lot more prevalent than what they were and a program such as "Chez Hélène," I think, contributes to this quite a bit.

**The Chairman:** Are there any other questions?

**Senator McElman:** What do you think of the proposition of Western separatism that has been talked about quite a bit?

**Mr. Kope:** Well, what the heck. If Quebec can do it, so can we.

**Senator McElman:** You deal with it just about that seriously?

**Mr. Kope:** No, I am being facetious. No. I am not a Western separatist and those who think they are have got holes in their heads. I think they are just trying to create a loud noise. To me it is one country and it always will be.

**Senator McElman:** As far as your station is concerned, you just ignore it. Is that your position?

**Mr. Kope:** Oh, we report it, I mean, if there is a big do. I understand in Lethbridge there is a seminar going on which has been called by the University with reference to this.

We will take the news reports that we get from the wire. We will also make sure our man calls one of our other people we are associated with in Lethbridge to let anything interesting, but if it is just a bunch of guys blowing their tops...

**Senator McElman:** You would not comment on this editorially. You would carry it in the news?

**Mr. Kope:** If we thought it would be worthwhile carrying, yes, but that would have to be the decision of the fellow who does the editorializing.

**The Chairman:** Are there any other questions?

**Senator Smith:** I would like to ask a question in relation to something which was mentioned a few minutes ago. I think Senator Sparrow asked the witness whether or not he thought that smaller stations should be excluded from the high standards established in various areas by the CRTC.

**The Chairman:** I am not sure Senator Sparrow said "excluded". I think he said "should there be different standards".

**Senator Smith:** Well, is that not excluded from the high standards?

**The Chairman:** Well, all right.

**Senator Smith:** A different set of standards. Where would you possibly draw that line and is it a practical thing to be followed?

**Mr. Kope:** I think so.

**Senator Smith:** Based on the revenue of the particular station?

**Mr. Kope:** This would be one method.

**Senator Smith:** We have had this from other people. We had it from Bridgewater.

**Mr. Kope:** That is one method. That, along with possibly the amount of people in your coverage area or what BBM, for instance, says you have. Just what measurement you would take, I do not know.

**Senator Smith:** You think it could be worked out?

**Mr. Kope:** I think it could be worked out. I have not got the answer. I have never thought of the answer.

**The Chairman:** Mr. Kope, on behalf of the Committee I would like to thank you for coming. I think it is one thing to have the views of the giants of broadcasting and those we have and those we welcome, but by the same token I think we have to also have, to make the Committee meaningful, the views of the small broadcasters from all parts of the country and the Medicine Hat market, as I am sure you have

probably said many, many times when you were making a sales presentation, is in fact unique.

We appreciate that. You have been here when I have said to other broadcasters that notwithstanding the fact that I am sure it is an imposition to appear before the Committee, I think the broadcasters would be offended if we did not make some reference to broadcasting in an analysis of the over-all media picture, and so again on behalf of the Committee and on behalf of myself personally, thank you for coming.

Again thank you for the book and also for the record which I shall certainly play and I will let you know what it is like.

**Mr. Kope:** Thank you too, Mr. Chairman.

**The Chairman:** May I say to the Committee the final session for this week is at 8 o'clock tonight, the Institute of Canadian Advertisers.

Thank you.

The Committee adjourned.

—Upon resuming at 8 p.m.

**The Chairman:** Honourable Senators, if I might call this session to order.

This evening we are going to receive a brief from the I.C.A., the Institute of Canadian Advertising, and just a moment or two ago, the president of the Institute, Mr. Warren Wilkes, who is seated on my immediate right, asked me if he should introduce his group or should I, and I said I would introduce them because they are all friends of mine.

I think however, Mr. Wilkes, perhaps in a moment or two I will call upon you to introduce them.

I think the Senators would also be interested not only in their capacity in your organization but as well, their agencies. We all appreciate that you are not here representing your individual agencies but I think it might be interesting to us and I believe the Senators will be particularly appreciative.

The usual introduction I make at these sessions will be prefaced by saying that we are very grateful to you for coming. I have said on numerous occasions and in numerous places in all parts of the country that the Senate Committee on Mass Media is not, and I underline "not," is not a committee on advertising, and I hope that you, and the members of your organization will be aware of that fact, except of course as advertising relates to matters which are of particular cogency in a media study.

I am thinking in terms of franchising and perhaps examples of advertising pressure which, I must say, are rather conspicuous by their absence in our study.

I think also you would agree that in any study of mass media the views of the advertising agency industry would be of a very special interest and that is why we have asked you and that is why we are delighted that you have found yourselves available to be with us this evening.

Now, the procedure we follow here is very simple. We turn to you for an opening statement which we try and confine to approximately 10, 12 or 15 minutes. Following that we would like to ask you some questions on the oral statement, on the written statement which you have submitted, which most of us have seen, looked at and studied and perhaps on other matters which we may wish to ask you about.

You should feel perfectly free to refer any of the questions to any of your colleagues.

I should say to the Senators only that Mr. Wilkes, as well as being the President of the Institute, is the President of Tanby Advertising Limited.

With that introduction, why don't you begin by introducing the rest of the members of your team.

**Mr. Warren H. Wilkes, President, The Institute of Canadian Advertising:** If I may, Senator.

On the left is Mr. Maurice Brisebois Executive Vice-President of Vickers & Benson Ltd. and a director of our Association.

Next to him is Mr. A. M. Shoults, Scotty Shoults who is President of the James Lovick Advertising Ltd. and who is Second Vice-President of the Institute of Canadian Advertising.

On my right, Mr. Dennis Jotcham, who is the Vice-President Eastern Division, of Foster Advertising Limited and is Secretary-Treasurer of our Institute.

Next to him is Mr. George Sinclair President of MacLaren Advertising Co. Limited and the immediate Past President of our Institute.

Next to him, Mr. Jack Milne, the Managing Director of our Institute.

At the back of the room, we have also asked to come with us, our trustee, Mr. Don Campbell who with the firm of chartered accountants, Campbell Lawless & Punchard, and Mr. Hal Roach, the Chairman of the Board of McKim Benton & Bowles Ltd.

Now Mr. Chairman, Honourable Senators, Ladies and Gentlemen. The advertising agencies of Canada, as stated in our brief, are intertwined with the mass media of Canada and have been more than superficially interested in your examination since its inception and we are honoured and delighted with this opportunity to appear before you.

Now, if I may, before going ahead with our formal opening statement, I would like to call upon Mr. Brisebois to speak to you for a few minutes.

**The Chairman:** Mr. Brisebois?

*[Translation]*

**Mr. Maurice Brisebois, Director of the Institute of Canadian Advertising:** Mr. Chairman, Members of the Special Senate Committee, on behalf of my colleagues at the Institute of Canadian Advertising, I wish to thank you for having invited us this evening. Recently had the pleasure of representing our organization before the Commission on French language and linguistic rights in Quebec, or the Gendron Commission, and as I mentioned at that time, the members of our Association are bilingual from coast to coast. Of course, they prepare advertising in both official languages of our country. I therefore invite the members of the Committee to ask questions in either French or English. I thank you very much.

*[Text]*

**The Chairman:** Thank you very much. Do you have other comments, Mr. Wilkes?

**Mr. Wilkes:** Yes, Mr. Chairman, I would just like to go ahead with our opening statement.

**The Chairman:** Fine.

**Mr. Wilkes:** Advertising makes a significant and positive contribution to Canada's social and economic welfare and the ability to improve, enhance and enlarge its contribution, depends to a considerable extent on a better overall understanding of mass media functions, roles and responsibilities.

Mass media constitutes the communications network upon which advertising depends, while advertising is a major source of revenue for all forms of mass media.

In some respects we find ourselves in an awkward position. In the first place, most of your concerns lie with media and are outside the agencies' bailiwick. Now, Senator Davey has already alluded to this. This means that we are in no position really to comment upon many of the topics suggested in your guidelines for briefs.

In the second place, ICA is an association and the viewpoints of its members do not always coincide. For this reason, our views on certain issues may appear somewhat vague or general. We are not trying to avoid commitment but are simply reflecting the normal *modus operandi* of an association.

Part 2 of our brief, to be found in the English version on pages 12, 13 and 14 and in the French version on pages 17 to 25, examines issues that have already been the subject of discussion before you, and we are prepared to comment further if desired.

You may have other equally significant issues to question us about and we shall do our best to answer you.

However, from a purely selfish standpoint, we find one issue of overriding concern to us. That is the question of agency franchisement, again to be found in the English version on page 13, paragraph 53 to 58, and in the French version page 23, paragraphs 53 to 58.

For many years, the publishers of newspapers and magazines and the owners of radio and television stations and outdoor plants and other mass media, have paid advertising agencies a commission on advertising placed on behalf of agency clients.

Now, this process stems from the beginning of the agency system in the last third of the 19th century when the first agencies were literally brokers of advertising space to potential advertisers. They bought and sold at whatever price they could and the difference was the agency's revenue.

Later with the formation of media associations, the process became more formalized with the medium setting the price to both the advertiser and the agency. The system became more or less worldwide and since has become known as the "commission system."

As long as media paid agencies a commission, they have the right to say to whom they will pay that commission and will, most probably, base their decision on the agency's ability to pay and its likelihood of paying promptly.

One efficient way of establishing these facts is through the facility of the medium's specific associations, which of course is the *raison d'être* for media franchising or recognition systems.

Historically, the media franchise system provided some measure of control over the standards of



advertising agency performance but now that it has become primarily a device for determining credit standing, a control of performance has largely disappeared.

To our members this is all very fine but they would like to ensure the highest ethical standards and more professionalism in the agency business so that the public may be better served. They argue that this can only be achieved through self-government and self-accreditation and would like ICA, our institute, to act as a central guarantor of capability, skill, ethics and possibly credit.

Such a system should have muscle and teeth which we have not yet found. It has been suggested since advertising is an important part of the entire communications process, reaching and influencing all Canadians, that government should be prepared, in the interest of the public, to help our industry find an answer to this problem.

Mr. Chairman, my colleagues and I welcome your comments and questions and hope we can make this dialogue a useful one to both your committee and to the advertising agencies of Canada.

**The Chairman:** Thank you very much, Mr. Wilkes. It is our hope as well that the dialogue will be useful to us both. I think the questioning this evening will begin with Senator McElman.

**Senator McElman:** Mr. Chairman, I understand that this matter of franchising, the CDNPA is now meeting, is it not, and this is one of the prime subjects for discussion?

**Mr. Wilkes:** That is correct.

**Senator McElman:** Is it not true that the agency commission runs of the order of 15 per cent?

**Mr. Wilkes:** Right.

**Senator McElman:** And is it not also true that yours is one of the few elements of industry that has had no increase over a long, long period of time?

**Mr. Wilkes:** That is very true, Senator.

**The Chairman:** Maybe there should be a Royal Commission on advertising which could be subtitled "15 per cent is no Royal Commission"!

**Mr. Milne:** Hear, hear.

**Senator McElman:** Have you yet received your framed letter of commendation from Dr. Young?

**Mr. Wilkes:** No, but I think that is in order as well.

**Senator McElman:** More seriously, I note from the brief submitted for release today by the Association of Canadian Advertisers Incorporated, that they too favour getting this system away from the media and more oriented to the agencies and the advertisers.

So it would appear that your chief stumbling block at this point are the media themselves.

**Mr. Wilkes:** I think that is a correct statement. I think it is also correct to say that since there is a move towards the concept of more fees being paid for services provided by advertising agencies, either as an alternative to or as a supplement to the commission presently being paid, that the idea of media moving away from the basic franchised concept really concerns us in terms of our ability to maintain the ethic and the standards of the business.

And this is where, as I indicated in my opening remarks, we would like to feel that we were positioned more strongly to have a more effective voice if you like in our own destiny in that respect.

**Senator McElman:** My understanding is that the only basis for refusing a franchise in practical terms on the credit rating if you will of the agency. Is that correct?

**Mr. Wilkes:** That is essentially correct.

**Senator McElman:** Then as long as somebody has a credit rating, even though his ethics might not be up to the standards of the Association, he could conceivably be accredited under the existing system?

**Mr. Wilkes:** That is exactly right.

**Senator McElman:** That is the weak link; is that correct?

**Mr. Wilkes:** That is what we feel, yes.

**Senator McElman:** Perhaps it might be useful, Mr. Chairman, to read from the brief of the Association of Canadian Advertisers Incorporated.

**The Chairman:** Is this the brief to this Committee?

**Senator McElman:** Yes, and it has been released today's reference to this sub-committee.

"The media commission arrangement today is an anachronism, inasmuch as it gives the misleading impression that the agency still is employed and paid by the medium. Notwithstanding the "franchises" granted by media to agencies, the advertising agency acts for its advertiser client and not for the media."

That is the statement.

**Mr. Wilkes:** That is essentially correct; they pay the bills.

**Senator McElman:** Are any of your representatives appearing before the CDNPA for discussion of this or are they discussing it behind closed doors?

**Mr. Wilkes:** Well, Senator McElman, we have had some dialogue with them over the past 2 or 3 years on this whole subject, and it appears as though they are acting under advice which suggests to them that the proper course of action for them to follow at this particular time is to—perhaps the words is "reduce" the effective franchise system to one of essentially a credit rating procedure and nothing more.

So, to answer your question precisely in terms of are we before them during their meetings over the last couple of days and today, no, we are not. But I think it is fair to say that we have been in pretty continual contact with them over this whole subject.

**Senator McElman:** Do you find it is an anachronism to have an association, that the CDNPA whose members so often raise Old Ned when a municipal council may close its doors for any particular discussion that they themselves close their doors when they have a meeting?

**Mr. Wilkes:** No, sir, I don't think I do. I think as a group of business people they are entitled to carry on discussion with respect to their own business in private.

**The Chairman:** I gather as yet there is no advertising agency consensus on franchising?

**Mr. Wilkes:** Well, now, I was just going to allude or refer to a questionnaire which we sent out to all of our members and which has been condensed into some answers which really reflect the view of all our membership which necessarily is not the same. You know, we have a wide variety of views.

I may read this—on the subject of agency franchisement—it is not too long—Member comment

is distilled along these lines as far as their answers are concerned. "As long as media pay agencies a commission, they have the right to say to whom they will pay the commission and will base their decision on the agencies' ability to pay and its likelihood of paying within a given period. One most efficient way of establishing these facts is through the good auspices of their specific association.

To the large majority of our members, this is all very fine but they want more status and respect for the agency business, hence more ethical conduct and professionalism and argue that this can only be achieved by self-government and self-accreditation. They would like ICA to act as the central clearing house guaranteeing advertising capability in skill, ethical conduct and credit competence to media, suppliers and even new advertisers seeking advice. Also they would welcome some sort of 'examination' concept to evidence reasonable levels of "skill and competence.

Obviously, such a system must have muscle and teeth but with rumoured changes to the Combines Act, this may be impossible to achieve. One member suggests that since advertising is an important part of the entire communications process reaching and influencing the entire population, Government might be prepared to treat us differently in the interests of the consumer."

**The Chairman:** Is it the latter statement that you had in mind when you made the reference in your brief to government helping you?

**Mr. Wilkes:** Yes.

**The Chairman:** How specifically could the government help you in this area? I am not just clear on what you mean and I think this is the place to say what you have on your mind specifically.

**Mr. Wilkes:** Well, I am just wondering if one of my colleagues might answer that question.

**The Chairman:** Which one?

**Mr. Wilkes:** Well, perhaps Mr. Jotcham.

**The Chairman:** Mr. Jotcham?

**Mr. Dennis Jotcham, Secretary-Treasurer, The Institute of Canadian Advertising:** I think I was the one member that suggested that this might be the case, but it happens, when one looks at the problem of enfranchising ourselves, as it says here, one runs into

the Combines Act and the question of fair trade practices and all that comes with that.

If we become an agency which must control ethical conduct and incompetent and all these other things, and we are incompetent in competition with each other, we obviously get into a situation where we are ruling people and we can tread on some pretty thin ground if you like, opposite the Combines Act.

**The Chairman:** Doesn't the existing situation tread on some pretty thin ground as well?

**Mr. Jotcham:** Not necessarily.

**The Chairman:** Not necessarily but I think potentially it does.

**Mr. Jotcham:** No, because there is no reason why an agency needs to be a member of ICA.

**The Chairman:** To be a member of ICA?

**Mr. Jotcham:** Yes.

**The Chairman:** But an agency—as far as a newspaper is concerned, for example, an agency must be enfranchised to collect commissions.

**Mr. Jotcham:** That is right, but in terms of controlling ethical conduct, if we are to choose who will be agencies and who will not be agencies, they must become members of the Association if we are to control their ethics. They in no way have to join our association and can go out and get commissions in any case, then we would lose control of the ethical part of it.

**The Chairman:** Well, the point I am after is this. Is the existing situation ethical? Is it ethical—not as far as ICA is concerned but as far as advertising is concerned?

In other words, as I understand it, if the 6 of us decided to form an advertising agency and didn't apply to the CDNPA for a franchise, we really couldn't form an advertising agency, could we?

**Mr. Jotcham:** Yes, that is quite correct, and if the enfranchisement by the media is deleted except in terms of a credit rating, we lose the control of the ethical situation.

**The Chairman:** *Marketing* says in its March 23rd issue that a pool in December indicated agencies are split over the issue. Is that true?

**Mr. Wilkes:** Yes, I think that is true. There is a fairly wide variety of opinions within our group on this subject.

May I just get back to the statement which you made a few moments ago regarding the 6 of us getting together to form an advertising agency.

The CDNPA says they won't franchise us and do that put an end to it. I think you indicated yes and think you are right up to a point, but it is a fact that you could start an advertising agency with CA enfranchisement or you could get the business press or whatever but you would not have the daily newspaper franchise.

**The Chairman:** Well, that is part of my next question. Senator McElman's question led into the CDNPA and I am wondering does the CDNPA assume any more importance than the broadcasters or the Business Press Association?

In other words, if the CDNPA does something with the broadcasters automatically follow suit?

**Mr. Wilkes:** No. Over the years the CDNPA has been generally regarded as the strongest of all of the franchises and the most meaningful and you step down from there through CAB, Periodical press magazines and other associations. I would say—and think I would be supported in this—gradually weakening as you go down the scale.

**The Chairman:** So to sum up this franchising issue the agencies are split and the ICA isn't. You want to see a change made?

**Mr. Wilkes:** That is right.

**The Chairman:** That is a fair summation of your position?

**Mr. Wilkes:** Yes.

**The Chairman:** Well then, to put the thing right in perspective it is presently being discussed today at a closed meeting of the CDNPA in Toronto and presumably the recommendations which are going to be made are those that Clyde MacDonald spoke about in the March 23rd issue of *Marketing*. Mr. Costello quoted as saying—Costello emphasized that the upcoming franchise talks are not a result of the CDNPA appearance before the Special Senate Committee on Mass Media.

At that hearing it was suggested and denied by the CDNPA that media franchising agencies might



construed as a conspiracy. So really the thing is really very much up in the air at the present time.

**Mr. Wilkes:** That is exactly right.

**The Chairman:** If the CDNPA makes a recommendation, will you then approach the broadcasters or will they approach you—how will it work?

**Mr. Wilkes:** I think it is implicit when the CDNPA abandon their traditional role as an enfranchising body, that there will be little left of any enfranchising because as I indicated earlier, it weakens as you go down the scale anyway.

**The Chairman:** Yes.

**Mr. Wilkes:** I guess, if you want to be specific, there are known instances where agencies that do not have other franchises have been able to get commissions from broadcasting stations, so this is an indication if you like of what might be described as a weakness in the franchising setup.

**Mr. Milne:** Mr. Chairman, may I make a comment?

**The Chairman:** Yes, Mr. Milne?

**Mr. Milne:** One of the reasons for commenting and asking if you wish government support in what we are attempting, is that one route to franchising obviously is a route followed by the doctors, lawyers and engineers and others through Provincial legislation.

This becomes literally, in a country of this type and size, as an impossibility seeking legislation from 10 or 11 provincial governments. If it were possible to find some method of seeking federal legislation which would enable us to come to self-recognition, then we could shorten the process and get to what we want much faster. This is what we mean when we say that maybe the government can play a role which it has not, up to this point, been able to do.

**The Chairman:** Thank you.

Are there any other questions on franchising?

**Senator McElman:** Well, Mr. Chairman, tied with franchising. Reference is made in several places in the bill to special fees.

Paragraph 59, page 14 reads:

"As stated above, the bulk of advertising agency revenue currently is in the form of media commissions. Special fees paid by advertisers to advertising agencies constitute a growing—though still secondary—portion of total advertising agency revenue."

Would you elaborate on that as to what the special fees constitute?

**Mr. Wilkes:** I think it is fair to say, Senator McElman, that originally, fees began to be paid to advertising agencies for special services in the field of research, for example, for special services in particular jobs of work such as the organizing and writing, and getting the people together for a major sales presentation for a product when he is presenting something to his dealers.

I think you could go on into public relation services, the handling of press releases and so on and so forth where services were being provided to agencies that were outside the framework of the traditional mass media on which we got commissions.

Then, with growing pressure on agencies—and you alluded to it in your earlier remarks—that we seem to be holding the price line pretty well, this traditional 15 per cent has gone on for years—agencies, and they still feel this pretty strongly, began to feel a profit squeeze. More services, more costs, higher prices to people, and so on and so forth.

And in order to be properly compensated in what might be described as high cost handling accounts, and some accounts are much more expensive than others, they began to introduce fees, and based them on a variety of approaches. Time charges multiplied by overhead and a profit factor and so on and so forth, and this tendency to charge fees by agencies as a supplement to the commission system has grown and grown to the point where some agencies—well, let's put it this way.

Most agencies now charge fees for some things—perhaps not everything. Some agencies have gone so far as to put their whole operation on a fee basis so for all practical purposes, the advertiser is paying the net, that is the figure after 15 per cent is taken off, and then paying charges for all the people who are employed on his behalf in the agency, and pays fees based on these time charges and services rendered.

Does that answer your question?

**Senator McElman:** This then would have been brought about by the strictures of that set percentage, I would take it, to a large degree?

**Mr. Wilkes:** Yes, I think it has to a very large extent, and the resulting profit squeeze.

Would anyone else like to comment on this.

**Mr. George Sinclair:** Past President, Institute of Canadian Advertising, President, MacLaren Advertising Ltd: Well I might just supplement that if I may.

The Chairman: Mr. Sinclair?

**Mr. Sinclair:** Our own Association, through our trustee who is here with us tonight, compiles industry figures and I should put quotation marks around the word "industry," because while we represent 85-odd per cent of agency volume in this country, there is a remaining 15 per cent of volume through agencies which are not members of ICA, and we are the predominant body.

However, the figures show on fees, that in 1966 there were gross commissionable billings of \$329 million, and in addition, fees to agencies of \$44-odd million or 11.8 per cent of the gross revenues of agencies came from fees. In 1968 that 11.8 per cent had grown to 12.35 per cent.

The fees are partly of course the result of the fact that agency commissions do not relate to work done. My company might prepare an advertisement for a magazine whose page rate is \$6000 and we will get 15 per cent of \$6000 which would be a little over \$800 some odd for preparing that unit.

It might be a great deal more work and would call for a good deal more research to put together an advertisement in a highly technical publication which might have only a thousand or two circulation for highly specialized purchasers of some highly specialized pieces of equipment but the page rate of that publication might be \$200 and the agency revenue is \$30.

The madness of this is evident and the need for fees in these circumstances is dramatic, so that what tends to happen is in a technical or industrial advertising situation, fees are very general.

The Chairman: Senator McElman?

**Senator McElman:** Well then, in effect, some of the member and non-member agencies are already getting away from the strictures of the 15 per cent quite obviously?

**Mr. Sinclair:** Well, that is right.

**Senator McElman:** At page 6 in your brief you refer to the membership of the Association, the General Members, Fellows, and Corporate Members. And as I understand it, the 49 who are Corporate Members make up the strong part of the agency business in Canada?

**Mr. Wilkes:** Yes.

**Senator McElman:** Just 25 per cent are foreign owned subsidiary companies. Could you tell us what percentage of the national billings they account for?

**Mr. Wilkes:** I think it is about 30 per cent, or perhaps Mr. Campbell is in a better position to answer that one.

The Chairman: Mr. Campbell?

**Mr. Donald Campbell, Trustee, The Institute of Canadian Advertising:** I am afraid I don't have that information, Senator.

**Mr. A. M. Shoults, Second Vice-President of the Institute of Canadian Advertising:** I think it was about 25 per cent four or five years ago, and it has gone up to about 31. I believe 31 would be about right today.

**Senator McElman:** I understood it was close to 35 or 36.

**The Chairman:** We have the percent as being 34 per cent. At least 25 per cent of the agencies account for 34 per cent of the billings.

**Mr. Shoults:** Well, I don't have the precise figures.

**Senator McElman:** Could anyone tell us what the approximate increment is annually? Their gross income, what does it amount to?

**Mr. Shoults:** I think in the last five years it went from 25 to 31.

**Senator McElman:** 25 to 31?

**Mr. Shoults:** Yes. In other words, they were growing faster than the Canadian side of the business.

**Senator McElman:** Is there concern in your Association that perhaps with the percentage they now have and the growth factor involved, that you are before too long going to become a United States dominated organization?

**Mr. Wilkes:** Well, I don't think that we are really concerned about that factor, Senator McElman.

It is true as you indicate that about 13 of our members represent quite a substantial volume of business but this is a fact of life and it is a competitive situation which we fully understand. We are all members of the same association and I suppose it is fair to say that perhaps some of the conflicting views within the association are brought about by the actual competition of the membership.

**The Chairman:** If I may pursue that. We have 34 per cent of billing—that is by our figures. You have 31 per cent or thereabouts and we have 34 per cent and we have Mr. Shoults saying that it is going up 1 per cent a year and that blends in with our research. We think it is going up 1 per cent a year, so going up 1 per cent a year and compounding that and projecting it into the future, it seems to me that in 10 years the Canadian advertising industry will be yet another American industry.

Do you mean to say that that isn't of great concern to the two-thirds of the members of the ICA who are Canadian agencies?

**Mr. Sinclair:** May I answer that one?

**The Chairman:** Sure. Of course.

**Mr. Sinclair:** Our problem, Senator, is that we are not as representatives of the Institute of Canadian Advertising and this includes as members the American agencies.

**The Chairman:** Right.

**Mr. Sinclair:** We are therefore in a position that if you were to canvass individual members you will get a considerably divergent point of view.

**Senator McElman:** At least 25 per cent of it.

**The Chairman:** I take your point, Mr. Sinclair, and I think in fairness to Mr. Wilkes, I think he made that clear in his opening statement that is one of the problems in dealing with an association like this.

However, just in passing—I won't ask a question but I would like you to be aware of a comment. A brief that we received yesterday from Standard Broadcasting-CFRB, said, and I quote from p. 49:

"It is within the power of advertising agencies to exert a profound influence on the life style of the

Canadian people. The advertising they create, to a considerable extent sets the standard of taste and the levels of consumer demand for the nation. The degree to which our advertising industry borrows from foreign cultures and attempts to persuade listeners or viewers to alter attitudes and habits unique to Canada should be of concern in the preservation of our own way of life.

To the greatest possible extent, such agencies should be controlled by citizens of this country. The decisions which will affect profoundly the buying habits of consumers and the marketing procedures of our industries should be taken by those who understand and wish to protect those attitudes which distinguish Canadians from other inhabitants of the North American continent."

I then asked Mr. Hartford about the statistics that we have been discussing and I asked him to make a comment and he expressed the opinion, and I quote him, he said "It is almost too late now."

Most certainly taking the point about you being an association and not pressing the issue any further, I would simply say that there are some of us who certainly share the concern of those members of the Association who are concerned, and at the same time understanding the position of the other agencies and not being critical of them, but it seems to me to be an area of concern.

I would just ask one other question on this and I don't think this will prejudice anybody to answer. Is it true—it has been reported to us—the largest single advertiser in the electronic media in Canada, Procter & Gamble—I am sure one of you comes from an agency which has some Procter & Gamble business; but maybe you don't—but it is my understanding that they have repatriated their entire marketing function back to the United States. Is this true?

**Mr. Wilkes:** I don't know whether it is true . . .

**The Chairman:** It is not true?

**Mr. Sinclair:** I don't think so.

**Mr. Thomas:** I don't think it is true.

**The Chairman:** Would you like to comment on that, Mr. Thomas? I know you are not here as a witness . . .

**Mr. Barry Thomas, Media Director, McKim/Benton & Bowles Ltd:** I am an ex Procter & Gamble man and I know it is just not true at the moment. I believe



Quaker Oats might have done part of that but I know for sure that Procter & Gamble have not done that.

**Senator McElman:** Has any major advertiser done it?

**The Chairman:** I believe Quaker Oats has done that.

**Senator McElman:** Well, I was wondering in addition to Quaker.

**The Chairman:** And Procter & Gamble has made no move in this direction?

**Mr. Thomas:** I thought you asked if they had completely repatriated?

**The Chairman:** Well, I am now asking if they have partly repatriated? I would be very unfair to you because you are not here as a witness, and so I don't mean to draw you into the discussion.

We have perhaps said enough about this, but it was a thing that did come to the attention of our researchers on the Committee that Procter & Gamble who, I am sure, are the largest electronic advertiser in this country, were moving, were repatriating if you will, their marketing procedures to the United States.

I think this would be a great concern but however if it is not happening, it is of no great concern.

**Senator McElman:** Could Mr. Wilkes or Mr. Milne perhaps quickly run down pages 7 and 8 and indicate which of the members are the American agencies?

**The Chairman:** Fine.

**Mr. Milne:** The companies that are American?

**Senator McElman:** Yes.

**Mr. Milne:** Well, this is how I consider them and it is my personal opinion

Bozell & Jacobs of Canada Limited; Leo Burnett Company of Canada Ltd.; Doyle Dane Bernbach (Canada) Limited; Foote, Cone & Belding Advertising Ltd.; Kenyon & Eckhardt Ltd.; MacManus, John & Adams of Canada Limited; McCann-Erickson Advertising of Canada Ltd.; Needham, Harper & Steers of Canada Ltd.; Norman, Craig & Kummel (Canada) Ltd.; Ogilvy & Mather (Canada) Limited; Spitzer, Mills & Bates Limited. I am not too sure about and I would ask direction about that one.

**Mr. Sinclair:** Yes, that is one.

**Mr. Milne:** J. Walter Thompson, Company Limited and Young & Rubicam Ltd. Now, there may be other agencies in there that are not either American or Canadian.

**Mr. Shoults:** BBDO is a large agency but it is not a member of the Association.

**Mr. Milne:** Well, it is Baker, BBDO Limited. It is still a Canadian operation although Baker have the controlling interest.

**Senator McElman:** I don't immediately recognize any of the names as being French-Canadian agencies. Do you have any?

**Mr. Brisebois:** One which has been recognized as French agency through the years and as a matter of fact is a very old agency is the Canadian Advertising Agency.

Now, I made the statement in the beginning French that most of these agencies work from coast to coast. A lot of them have offices in Montreal of course, and work in both French and English with large French-Canadian staffs, and they are Canadian in the true sense of the word.

**The Chairman:** Thank you. I believe Mr. Sinclair wanted to say something, Senator McElman.

**Mr. Sinclair:** Well, Mr. Chairman, in view of the line of questioning which indicated an interest in non-Canadian participation in Canadian advertising agencies, volume, it occurred to me that you might like to hit the point made that there are of course three major sources of Canadian advertising volume purchased from the media in this country.

They are Canadian-owned agencies and still are a do a majority of the business. They are the American-owned agencies operating in Canada and there is of course a very considerable volume of advertising reaching the media from foreign advertising agencies who have no operation in Canada.

Insertion orders or time contracts sent from other countries and honoured of course, and welcomed to the media in this country.

**The Chairman:** Could you estimate the amount of such billings?

**Mr. Sinclair:** No sir, I have no source of that information. One advertising director of a major newspaper said about 10 per cent of his national volume came to him from ex-Canada origination.

**The Chairman:** These would be mostly American presumably?

**Mr. Sinclair:** Mostly American but not entirely.

**The Chairman:** That is a very interesting point, thank you.

**Mr. Shoults:** I would like to make one observation in that. Our agency and our Toronto office I would think would probably have 12 per cent of our billing in the United States. In other words, we do the same thing although we don't have a branch in the United States.

**Senator McElman:** Well, this was the next question I was going to ask, Mr. Chairman. What approximate volume would your member agencies be billing annually in the United States? Is there any way of checking that?

**Mr. Wilkes:** It would be very difficult to do it, Senator.

**The Chairman:** Well, in round figures.

**Mr. Wilkes:** Well, most of it—you are talking dollars now—most of it would be travel advertising in the United States. There may be some other specific instances, but I would think if it was \$5 million it would be fairly substantial.

**Mr. Milne:** One of the major advertisers in the United States being the Canadian government.

**The Chairman:** Yes.

**Mr. Jotcham:** Mr. Chairman, the question came up—I think you said in reference to Standard Broadcasting?

**The Chairman:** In the Standard Broadcasting brief.

**Mr. Jotcham:** In the Standard Broadcasting brief about the influence of U.S. . . .

**The Chairman:** Well, the influence was about all of the advertising agencies but it went on to say—the opening sentence said “It is within the power of

advertising agencies to exert a profound influence on the life style of the Canadian people.”

It then went on—we want to ask you about that in a few minutes—but it then went on to express some concern that a substantial and growing portion of that influence through advertising agencies was being directed through American advertising agencies.

**Mr. Jotcham:** I see.

**The Chairman:** Okay?

**Mr. Jotcham:** In other words there is a lot of American business coming to Canadian advertising agencies who employ us because of our knowledge of this market place?

**The Chairman:** No, I don't think that was the point. I think the point was that the Canadian advertising agency business is being taken over by American agencies. I think that was Mr. Hartford's point.

**Senator McElman:** Well, we know that there are 13 in this list now which we have just had related to us. Is there a base year that we can tie to, say 1965 or 1960 when you can tell us how many of your corporate members were at that time other than Canadian owned?

**Mr. Milne:** We can go back and examine the thing for you Senator, but we don't have that information with us.

**The Chairman:** You may let us have that information.

**Senator McElman:** Could you tie back then—if you are going to do this—to the years 1965 and 1960 and let us have that information?

**The Chairman:** If you will. And I think with that question I think I might say, as Chairman, we have dealt with that subject sufficiently, particularly given the point that both Mr. Wilkes and Mr. Sinclair made that you are here as an association and we take that point.

**Senator McElman:** Thank you, Mr. Chairman.

**Mr. Milne:** Senator Davey, may I just make one other point?

**The Chairman:** Yes.

**Mr. Milne:** I will be away for the next 10 days so is it all right if I send it to you when I come back?

**The Chairman:** By all means.

**Senator McElman:** At page 6 you state that one of the objectives of the ICA is: "To maintain a strong code of ethics binding upon all member companies and their personnel." How would you enforce your code of ethics?

**Mr. Wilkes:** Well, this is very difficult to do and this is what we talk about when we say muscle and teeth. We do have a standing committee to deal with complaints that arise with respect to the ethical aspect of our business and this is the way they are handled at the present time.

However, I must say that generally speaking we don't have very many complaints.

**The Chairman:** Would those complaints be from consumers or from members agencies?

**Mr. Wilkes:** They would be from advertisers.

**The Chairman:** From national advertisers?

**Mr. Wilkes:** That's right.

**Mr. Milne:** Mr. Chairman, I would say that we also have a second way of supplementing our code. The whole advertising industry as explained in the brief, form the Canadian Advertising Advisory Board which is financed by the advertisers, the agencies and all the media associations and the ancillary suppliers.

The Canadian Advertising Advisory Board is doing a number of things along these lines and it has been advertising, as you probably are aware, for the last several months the advertising code of ethics.

**The Chairman:** Here is an ad that they ran.

**Mr. Milne:** Inviting people who have a criticism about advertising to send it to them. This campaign is appearing on radio and television, newspapers and magazines and you name it. Someone has estimated that we have voluntarily obtained something like 6 or 8 million dollars.

**The Chairman:** Has this been a successful campaign?

**Mr. Milne:** Emphatically so.

**The Chairman:** You are getting lots of complaints?

**Mr. Milne:** No. This campaign doesn't attract complaints. This campaign just asks you to write for the code, and there have been hundreds and hundreds of request for the code and we are keeping track of these on a statistical basis.

A copy of the code then goes out to each person who asks for it; there is a complaint card and then they are asked to make their complaints, and these have been coming in.

There have been several hundred of these coming in and we are working very closely in developing these. Yes, there has been a number of complaints.

**The Chairman:** Relating to Senator McElman's question on enforcing the code of ethics, could you give us an example of the ICA calling a member agency to task or reprimanding him or booting him out of the organization or raising the roof generally?

**Mr. Milne:** I could give you several examples.

**The Chairman:** You may not want to do so publicly.

**Mr. Milne:** Well, I could do it privately but what I wanted to say—but as the managing director, it is my function, and I frequently get calls from a member agency complaining about the actions of another agency and I attempt to sort these things out between the two members privately without any correspondence—simply on the phone or over luncheon. These are the kind of things that we sort out between ourselves.

**The Chairman:** No agency has ever been publicly reprimanded?

**Mr. Milne:** Well, I have only been with the Association 2½ years.

**The Chairman:** Since you have been with the organization?

**Mr. Milne:** Not during my time.

**The Chairman:** Well, during Mr. Wilkes' time?

**Mr. Wilkes:** I have no recollection of anybody.

**The Chairman:** Has any agency ever been kicked out of the Association?



Mr. Wilkes: No.

Mr. Campbell: I think so.

Mr. Wilkes: On ethical grounds?

Mr. Campbell: Not on ethical grounds.

The Chairman: On other grounds?

Mr. Campbell: On financial grounds.

Senator McElman: Then there are no established penalties or anything of that nature?

Mr. Wilkes: No.

Senator McElman: No setup?

Mr. Wilkes: No, it is usually done as Mr. Milne says between themselves, or there is a formal committee set up if there is a problem with it that they usually work out on a gentlemanly basis. But we have no authority really under the way we are presently constituted to throw somebody out of the organization.

The Chairman: Mr. Milne is the Karl Goldenberg of the agency business isn't he?

Mr. Wilkes: Yes, pretty well.

Senator McElman: Paragraph 57 on page 14 states that "Even more rigorous codes and standards are being examined and ICA membership criteria are being made even more stringent."

Could you elaborate on that as to the stringency of the criteria for membership in particular?

Mr. Wilkes: Mr. Jotcham, would you answer that case?

The Chairman: Mr. Jotcham, how are you going to make them more stringent?

Mr. Milne: Well, we have a criteria committee, if you wish, under the chairmanship currently of Mr. Alerson which has been examining and writing and drafting a set of criteria which we can use, given muscle and teeth, but again these are ideals rather than something we can move with at the present moment. This is the direction in which we are moving at the moment and this is what we really mean. Some of the criteria are financial as well.

Senator McElman: Again at page 6 in paragraphs 13, 14 and 15, you outline your financial objectives. You say:

a) To promote and protect the interests of advertising agencies with all other associations, particularly those closely involved with advertising.

b) To foster and develop co-operative services with a view to eliminating duplication."

Could you illuminate a little further on that and give us examples?

Mr. Milne: Well, the second item sir, "to foster and develop co-operative services"—at the present moment we have what we call computer consortium operating. Six or seven agencies got together and spent several thousand dollars to investigate the possibility of using the computer to perform some of the services of the agencies, an examination which none of the agencies could afford.

Senator McElman: And this would be for billing and so on?

Mr. Milne: Billing and media work and a whole host of other things. Mr. Roach's agency is involved as one of the members and he might be able to speak to that, but these are ways of coming to grips with the big problems for a number of middle-sized or larger agencies.

This is an example of a way, if you wish, of saving money.

Now, the next step if the computer consortium continues is to buy and develop a programme and to move into this thing on the basis where all of the agency participants are utilizing the same programme and working together instead of spending maybe 2 or 300,000 dollars apiece to get to that point.

We would have the cost shared between 4, 5, 6 or 7 agencies.

Mr. Roach: Mr. Chairman, I think there are a number of other examples, too. Our very complete advertising education programme is another case where we are training personnel to be professionally skilled with joint investment.

We have examined and spent money reducing costs and improving profits and we have examined a central checking facility, for example, measuring and checking

in advertising against insertion orders. These things are constantly going on and I think we are just trying to keep our heads above water from a profits point of view.

**The Chairman:** Thank you, Mr. Roach.

**Mr. Milne:** Well, number A "To promote and protect the interest of advertising agencies with all other associations"—you asked us earlier if we had discussions with CDNPA and this is exactly what we are talking about.

**Senator McElman:** This is the sort of thing?

**Mr. Milne:** This is the sort of thing.

Now, there are many other associations, newspapers, broadcasters, magazines, and there is also the Association of Canadian Advertisers and other similar associations with whom we work to attempt to iron out differences between groups of agencies and groups of advertisers.

**The Chairman:** What about associations like the Consumers Association?

**Mr. Milne:** Yes. We have not worked directly with the Consumers Association because we have done it through CAAB as well.

**Mr. Jotcham:** We operate and deal with 2, 3 or 4 unions. We negotiate with ACTRA and with FAAC on behalf of the whole industry.

**Mr. Wilkes:** We have also established an advertising personnel bureau to assist member agencies in the employment of staff which is a joint venture and has been going for some time.

There are really quite a number of different common interest activities in which the Association is involved and which in fact works with all the media associations in the Association of Canadian Advertisers jointly on quite a number of projects.

**Senator McElman:** Paragraph 51 on page 13. You have a reference on concentration of media ownership and control. You say:

"It is evident that, if most, or all, available media within a significant market area were to have common ownership, monopolistic practices would probably develop to the detriment of the advertiser and the advertising agency."

Did you have any specific market area in mind when you prepared that statement?

**Mr. Wilkes:** No, I don't think so, Senator McElman.

**Senator McElman:** It is a general statement?

**Mr. Wilkes:** I beg your pardon?

**Senator McElman:** It is just a general statement?

**Mr. Wilkes:** Yes, it is just a general statement.

I think our great fear of course is the controlling inflation.

**The Chairman:** Are you leaving those sections because I would like to ask you about them.

**Senator McElman:** Please go ahead.

**The Chairman:** I am not clear from these two sentences—51 and 52 just how concerned your association is about the increasing concentration of media ownership in Canada.

One of the questions that we have put to a great many publishers and broadcasters and so on is—we've said to Alan Waters for example this morning "Do you think it would be a good thing if CHUM owned all of the private radio stations in Canada?" and he said he didn't think it would be a good thing.

Another question we put to him, and we also have put it to a great many others, is "Well, how much too much?" "What would be your viewpoint on that?" In other words, when does concentration of ownership become dangerous? At what point would the ICA like to see the storm signals go up on the growing concentration?

**Mr. Wilkes:** Well, I think that is a very difficult question to answer.

**The Chairman:** Of course it is. It is a terribly difficult question.

**Mr. Wilkes:** I guess we have one newspaper chain that controls a substantial number of newspapers probably more than any other. I guess the Thomson group—and I don't think that at their level of ownership the agencies are particularly concerned that it is posing any particular problem. But I think we really make our position fairly clear when we say that it is of no great concern in point 52.

In point 52 we say it is "of no great concern for the presence of competitive media permits alternate choices."

**The Chairman:** Well, supposing the Thomson papers move their ownership and owned half of the newspapers in Canada. Supposing they owned half of the daily newspapers in Canada. Would you be concerned?

**Mr. Sinclair:** May I take up that point?

**The Chairman:** By all means.

**Mr. Sinclair:** I think our concern about Thomson owning half of the newspapers would relate very much to where those half were. If they owned all of the newspapers in a great many cities it would be a matter of distress from the purchaser's point of view, and as agents we act on behalf of the advertisers whose money is being spent.

Now, you say at what point do the storm signals go up. I don't know how we can approach that but I think it is fair to say that the ideal purchasing situation is one in which all of the newspapers in a given community are under different ownership and the broadcasting stations under yet other ownership. This of course would give us the utmost in competition.

**The Chairman:** Well, I appreciate the fact that the question I am going to ask you is a tough one for people in the agency business but however I think we must ask you.

Would you like to see this Committee come forward with recommendations for guidelines in this area of concentration? Do you think that would be in the public interest?

**Mr. Milne:** I think I would like to answer that personally and say as Jack Milne, yes. But in the terms of the Association our concern is in creating and supplying sufficient advertising for our clients, the agencies, and the contents of paragraph 52 was written in that sense.

Mass ownership, across the country, of papers in separate cities does not basically affect the effectiveness and cost of advertising and it doesn't damage our clients.

**The Chairman:** But then we get to this influence which was referred to in that CFRB brief, which Mr. Jotnam was asking me about that first sentence,

where it says "It is within the power of advertising agencies to exert a profound influence on the life style of the Canadian people."

I would suggest that there is a second way in which you fellows exert a profound influence, and we come back to the life style, but surely the advertising agencies in this country provide the media in this country with the very money necessary for them to operate.

Mr. Sinclair mentioned the figure of \$329 million and that is \$329 million which is funnelled through you people to newspapers, radio stations, magazines, television stations which you people choose. You really are, perhaps more than any other single group, subsidizing the existence of the media in this country. That certainly is not a thing about which we are critical but it does mean, it seems to me, that your views have pretty profound importance to this Committee. When you say Mr. Wilkes that many of the things that we are considering—and I use your term—"are outside of the agency's balliwick", the media industry, as it is structured in Canada, couldn't exist without you fellows, could it?

**Mr. Wilkes:** No, I think that is true, but at the same time we don't exert any influence over what they have to say editorially or from a programme content standpoint.

**The Chairman:** Well, what you are saying to me then is that your only concern in this question of concentration is as it relates to advertising and to your advertisers?

**Mr. Wilkes:** I think that is a concern.

**Mr. Milne:** That is the way we wrote it.

**The Chairman:** I know you fellows individually and you have more social conscience than that—all of you!

**Mr. Sinclair:** Thank you, Mr. Chairman.

**The Chairman:** Well, I believe that.

**Mr. Sinclair:** And may I come back to a point I made earlier. Our problem is that you are speaking to us here as representatives of a body which has sketched out views on a number of subjects, but there are a multitude of others where there is not an official position.



If you were questioning us individually as the heads of our companies or as citizens, you might get different answers.

**The Chairman:** Well, perhaps we should have done that, Mr. Sinclair.

**Mr. Shoultz:** I am probably a little more direct on the question of media ownership. In my opinion I think multi-media ownership is not a good thing for Canada. I know it is not a good thing for our agency as a purchaser of time or space.

I think Senator McElman's province is a good case in point. I don't like the concentration of media there one bit from a purchaser point of view and I think also if you wanted to check the figures you could do that without reference to us.

If you checked the rates of cities where for instance there is only one television station or one television station and CBC; if you looked at the grey areas where it wouldn't quite show on the rate cards, the difficulty of getting the kind of time purchases that you want, you will find that there is a direct correlation between that and costs.

It is very hard to generalize, but I think that is the answer, so I think that anybody that says they don't care whether we have multi-ownership and/or an extension of 8, 10 or 12 newspapers, or whatever it is, particularly in large markets—I think there is no question that it is implicit in your thinking that these people have leverage.

**The Chairman:** Thank you. You have anticipated my next question so I won't have to put it. I was going to come on from the social area into the economic area, but you have discussed that.

Senator McElman?

**Senator McElman:** What is the future of consumer magazines in Canada?

**Mr. Wilkes:** Mr. Jotcham, would you like to answer that?

**Mr. Jotcham:** I think the future of consumer magazines in Canada is good. They have been affected and there is no question about this by the increase in the usage of television advertising—I think that is obvious but as the television audiences become more fractured, magazines become more valuable as far as their influence is concerned.

Recently there was a presentation made in Montreal—actually yesterday—which was quite an effective presentation to show how magazines for one particular advertiser had produced excellent results.

I think if the magazines maintain an editorial position that is of major interest to the public, in other words if they provide a product that the public wants to read and wants to buy, then I think their influence could continue to be great and their value as a medium for advertisers can continue to be great.

I can see their star rising shall we say as television audiences become more fractured. They would become more of a pure audience and particularly directed to a particular audience.

More and more today we are trying to direct our advertising to specific audiences.

**Senator McElman:** Setting aside *Maclean's* for the moment, do you see the emergence of a strong national Canadian magazine?

**Mr. Jotcham:** At the moment, no.

**Senator McElman:** Do you believe that the industry could remain relatively solvent, strong if *Time* and *Reader's Digest* were to lose the preferred position they currently have?

**Mr. Jotcham:** Could you repeat that question please?

**Senator McElman:** Do you believe that the consumer magazine industry, could remain viable in Canada if *Reader's Digest* and *Time Magazine* were to lose the preferred position they now have?

**Mr. Jotcham:** Well, it depends on how you word the preferred position. Do you feel that as American publications published in Canada that they have a preferred position?

**Senator McElman:** Well, that has been expressed to us on many occasions. I should go on and say that we have had representations here from the magazine industry that if *Time* and *Reader's Digest* were to lose the preferred position, that the industry itself could not survive.

Would you subscribe to that or disagree with it?

**Mr. Jotcham:** I think that the magazine industry benefited considerably from the fact that *Reader's Digest*

*Digest* and *Time* have been strong in the magazine field. I think they have led the way both promotionally and through research to keep the value of the magazine as a purchase very much in the mind of the advertisers and I would say yes, that the magazine industry's influence would be seriously depleted if they were not part of the magazine scene.

That is about all I have to say but on the other side of my coin, I would be delighted to see a Canadian national magazine. I think it would be wonderful if we could do it, but in the context of advertising dollars and where they come from, over which I don't think we have too much control, I can't see it happening.

**The Chairman:** Thank you.

**Mr. Jotcham:** Well, I think it has already been covered with the Committee and that is the influence of weekend newspapers which has already affected the magazine industry as such and which is decrying the kind of leadership that our citizens seem to be looking for.

**The Chairman:** The kind of which?

**Mr. Jotcham:** Readership.

**The Chairman:** The kind of readership?

**Mr. Jotcham:** The kind of readership that our citizens have been looking for. So I don't think we can sort of entirely lay any blame or any failures of the magazine on the door of *Time* magazine, but I am going to disagree with Scotty pretty strongly.

I am pretty glad that *Time* at least do carry a great deal of Canadian information.

**The Chairman:** Do you think four pages is a great deal?

**Senator McElman:** They have carried six since they were here.

**The Chairman:** Well, I pursue this not to be facetious . . .

**Mr. Jotcham:** Well, I misunderstood you.

**The Chairman:** Mr. Milne?

**Mr. Milne:** This is one of the questions that we asked our members and maybe you will be interested in what they said.

**The Chairman:** Yes, I am sure we would.

**Mr. Milne:** Reading what they said.

"From a purely advertising standpoint, there appear no disadvantages to foreign ownership of

**The Chairman:** Do you all agree with that?

**Mr. Shoults:** No.

**The Chairman:** Incidentally, Mr. Wilkes, I don't want you to think that your Association is alone in having people disagree when they come before this Committee.

**Mr. Wilkes:** Fine.

**The Chairman:** Mr. Shoults?

**Mr. Shoults:** First of all I think the magazine picture in Canada is bleak. I take a risk when I say that because I am sure Maclean-Hunter would not be static about that concept. But the fact of the matter is first of all, in the United States where television audiences are considerably more fractured than they are in Canada, the size and stature of magazines has diminished. It has diminished because of television. That is number one. I think the same trend, whether we like it or not, will persist in Canada.

Now secondly, the thing that is even more difficult for Canada is the fact, as we have pointed out earlier, there is an awful lot of advertising that is originating in the United States. If a large campaign is originated in the United States and it is decided that television will be used, I think you will find that in most cases the same condition persists in Canada.

This would be true whether it is against *Time* or *Life* or whatever it is, so automatically you don't have any control on whether you are going to go into a magazine or not, if you are a Canadian agency placing an ad for an American parent, and I think history and the figures will prove my point.

It is just a matter of time, and if I were running the world in the case of *Time* magazine I would be just as happy if they would print the Canadian section in the United States. I would be much happier if they did that. I am not talking about any reflections on *Time* or anything else, because it is just a matter of looking at it from a Canadian citizen's point of view.

Canadian media. In fact there are some advantages in the availability of good research and world wide news gathering facilities.

From an editorial standpoint, it is a different matter. Along with the "Finance," "Communications" is a key industry and should not be controlled by foreign owners who cannot be as deeply concerned with encouraging, supporting and reflecting the development of our culture, and cannot always provide maximum opportunity for Canadian talent, such as artists and writers.

Those foreign owners who are already here must ensure that editorial content is in the hands of Canadians, and is not inimicable to Canadian interests. At the same time they must respect Canada's national interests and not abuse their presence in Canada. "In one sense Canada is deprived of cultural wealth that could be made available elsewhere if the necessary advertising support was not siphoned off by foreign owned media."

The Chairman: Thank you.

Well, this has been a good discussion to have on our records.

Senator McElman?

Senator McElman: What would you say as to the future of the new type of magazine which now appears to be developing in the metropolitan communities such as *Toronto Life* and *Toronto Calendar*?

Mr. Wilkes: That was a point I was going to make, Senator McElman.

It seems to me that the question "What is the future of magazine publishing in Canada", and if you link it to the national press, I think I am a little bit inclined to agree with Scotty. But I am not at all concerned about the vigour of Canadian magazine publishing situations, on the ground that it would appear as though there are going to be more and more specialty publications of one kind or another and the local *Toronto Life* is only one. I think *Miss Chatelaine*, the youth audience and there are probably others available. *Campus* magazine is another. There appears to be any number of specialty magazines and areas of opportunity for Canadian magazine publishers and it seems to me that the future may lie more directly in that area than in the national press area.

The Chairman: Does your agency make any difference between controlled circulation magazine and

paid subscriptions? Do you have a preference when you are buying advertising?

Mr. Wilkes: Oh, I think we do.

The Chairman: Which is it?

Mr. Wilkes: It is for paid circulation.

The Chairman: Is that a standard point of view and is that the view of pretty well everybody?

Mr. Wilkes: Yes, except that in the business press, of course, most of the publications are controlled.

The Chairman: But in the other consumer magazine field?

Mr. Wilkes: Yes.

The Chairman: You would prefer paid circulation to qualified or controlled circulation?

Mr. Wilkes: Yes.

Senator McElman: But isn't it a fact that controlled circulation is increasing?

Mr. Wilkes: I suppose it is increasing to some extent. Senator McElman, and I think that probably the leading publication in the controlled field of a large type is the *Homemaker's Digest*. I would think it probably safe to say that it is increasing.

The Chairman: Do the controlled circulation magazines belong to the MAB?

Mr. Wilkes: No.

The Chairman: Do they pay you an agency commission?

Mr. Wilkes: Yes.

The Chairman: Although they don't belong to the MAB they do pay you agency commissions?

Mr. Wilkes: Yes.

Senator McElman: We are told that advertisers quite recently in recent months are beginning to switch—no switch, but beginning to reduce their share of the dollar to television and they are moving out to print. Do you find this as a group?



**Mr. Wilkes:** Well, I don't think so.

**The Chairman:** Is this a trend?

**Mr. Wilkes:** I don't think so.

**Mr. Shoults:** Not in our case.

**Mr. Wilkes:** I don't think it is a trend at all. I think it is true that the newspapers in the last couple of years have chalked up some gains but there doesn't appear to be on a national average basis much change. I don't think there is a trend that way.

**The Chairman:** Does CFRB's brief over-state the case when it says "It is within the power of the advertising agencies to exert a profound influence on the life style of the Canadian people"? Do you think Mr. Wilkes, that you and your associates exert a profound influence on the life style of the Canadian people?

**Mr. Wilkes:** I don't know quite how to answer that. You mentioned earlier that you don't believe that the group here is without a social conscience. I think we could present chapter and verse of many, many things that advertising agencies have done as direct contributions, most of them free, to any number of causes; charitable and otherwise, and that might be considered a contribution I would say to the life style.

From a standpoint of advertising creative material, whether it be newspaper, magazine advertisement or television commercial, I think perhaps some contribution depending upon the nature of the individual message, but whether it is a profound contribution I don't really feel qualified to judge.

**Mr. Jotcham:** I would think that the life style of the Canadian consumer has a profound influence on the advertising agencies.

**Mr. Campbell:** Hear, hear.

**Mr. Jotcham:** Our job is to try and find out what makes the consumers tick, if you like, and our job is to try and communicate to the consumer messages encouraging him to buy.

Unless we are aware of what the life style of the consumer is or may be, we cannot effectively communicate our messages. So we must be aware of our life style.

**The Chairman:** I am not saying this critically at all, but don't you have a great deal to do with determining what public taste is?

**Mr. Jotcham:** No, I don't think we do.

**The Chairman:** You don't?

**Mr. Jotcham:** No.

**The Chairman:** How can you sell products without—

**Mr. Jotcham:** We try to go along with public taste, public demand, and fill consumer needs and they are there and they are in existence, but we follow trends rather than set them.

**The Chairman:** Do you?

**Mr. Jotcham:** Yes, through advertising.

**The Chairman:** Do you think the media follow trends or set them in their editorial content?

**Mr. Jotcham:** I would say that they have more opportunity to set trends than we do, yes.

**Mr. Brisebois:** Mr. Chairman, I could add a point here on the changing life style re French. We made this point before the Gendron Commission. We talked about the quality of French spoken in Quebec against that of international French and I think the agencies in Canada have been in the forefront of improving the French language through our advertising because we have people who are qualified to write good French and many many times in the vocabulary, we have been able to make people adopt the right terms.

We have been doing this slowly but we have been advancing the proper use of the language in Quebec. In this way we have been able to help, I am sure.

**The Chairman:** Well Mr. Jotcham, do you agree with that?

**Mr. Jotcham:** Well, up to a point yes. Here is a situation right now where joul right now is being used considerably in the Province of Quebec, particularly among the young people and already agencies, and not yet mine, are starting to develop ads which are talking in the language of the consumer, and are reverting to, if you like, joul in their advertising.

**Mr. Brisebois:** Well, it could be qualified as well. You can have a commercial using Western slang just for the heck of it.

**Mr. Jotcham:** I mean, you have to look at some advertising that appears now which definitely talks in the language of the teenager and of the pop music and all of these things that are happening in the youth area.

You know, in our ads we are saying "now we are with it," and the expression "now we are with it" did not come from the advertiser; it came from the young people themselves. These are where the expressions are developed.

**The Chairman:** So you are saying you follow?

**Mr. Jotcham:** We follow.

**The Chairman:** You don't lead?

**Mr. Jotcham:** We follow, and we try to talk in their language.

**Mr. Sinclair:** I agree basically with what Dennis has said that we follow tastes rather than lead them and that is our proper function. It is not our province to try and shape Canadian tastes.

However, an involuntary result does come about which affects tastes, and if you like to use an electronic term, it is a feed-back that happens. It is a fact that a new product usually improves on an old product and it is therefore a fact that an advertiser likes to associate themselves with new trends.

If there is a new fashion in the length of women's skirts, in their hair-do's, in styles of music, it will be very quickly sensed by advertising people and that style will show in illustrations or in music background to commercials and the like which will mean that much more exposure of this new fashion that is coming along which will amplify the trend towards that fashion.

However, that is not an intentional thing. It is an incidental thing. May I add one further point?

**The Chairman:** Yes.

**Mr. Sinclair:** In the matter of profound effect on culture, I think that advertising creation in Canada does indeed produce a profound influence on Canadian culture. It is the simple fact that advertising directly, the people employed in advertising creative

departments and indirectly, the talent employed in the creation of both printed advertisements and broadcast commercials, advertising employs a great many fresh, bright talents among musicians, actors, models, artists and photographers.

It is a fact that I think all of the Group of Seven while they were sketching in Algonquin Park, earned their keep in advertising studios in Toronto. It is a fact that of the best known contemporary painters, almost all of them at one time or another had worked in advertising agencies, including such people as Harold Town, Gerald Gladstone who is an alumnus of my shop, and so on.

The same thing is true of musicians, playwrights and authors. Novels are written in the spare time and on holidays by advertising men to a considerable extent and they then of course, if they establish themselves, can turn to their art full time.

**The Chairman:** Along this same line perhaps I could put this question to Mr. Wilkes. I am sure it is a question which has been asked many times and I hope you will have an answer. I will be most interested to learn how you do answer it.

We know for a fact that from the Economic Council that a dramatic number of Canadians live under the poverty line. I have statistics, but not before me, that say approximately 40 per cent of the rural homes and 19 per cent of the urban homes are living under the poverty line.

We also know from statistics that, for example, the instance of television viewing is greater in these homes than in more affluent homes. Does it concern you that your advertising portrays as normal, a standard of affluence which these people can simply never hope to attain? Wouldn't this surely breed discontent?

**Mr. Sinclair:** May I have a go?

**The Chairman:** Well, you all may have a go.

**Mr. Sinclair:** Well, first of all, it is a matter of concern. Speaking at least personally, I have been worried about it, but it needs to be put into perspective.

**The Chairman:** Please do.

**Mr. Sinclair:** The fact is that if we take a poverty-stricken Canadian through his day from the moment he rises in the morning in his slum environment, until he goes out on the street and sees the flashy, shiny

motor cars; the high rise apartment buildings that he can't aspire to, and walks by the splendid restaurants and the shop windows with the clothes, and looks at the other people on the street in the clothes that he can't afford, the amount of time he spends being reminded by advertising that there are good things to have, is a minute percentage of the impression, upon that human being in the course of his life, that he is deprived.

He knows damn well that he is deprived and he doesn't need advertising to tell him so, and I think it is a sentimental point of view to put that argument forward.

**The Chairman:** Mr. Jotcham?

**Mr. Jotcham:** May I make two quotes. Number one, I think it was Browning who said "Ah, but a man's reach should exceed his grasp or what's a heaven for", and so should we show the devil in this case.

I also think it was Winston Churchill who was very much in favour of advertising because it set before men goals which they could strive for to bring them out of these very areas of poverty that you have been talking about.

**The Chairman:** Yes, but I would set that against the fact that the goals are hopelessly unobtainable for these people. I take both your points but I think you have asked the question in the first instance by saying yes it does concern you. It is a sentimental point of view but I think it is probably more than a sentimental point of view to a lot of the people in this country.

**Mr. Jotcham:** May I add something to that?

**The Chairman:** Yes.

**Mr. Jotcham:** Because I think it is important in this context and perhaps it is a personal view which I have expressed publicly before, but I think the advent of television itself and programming and what-have-you has set goals before the people. I mean movies, if you like, where the affluent programmes did not show the poor side of life, and I think—Maurice, stop me if I am wrong—that the advent of television in Quebec had a great deal of influence in putting before the French Canadians the kind of situation that he was in opposite the rest of Canada through American programmes and so forth coming into the Province of Quebec. And I believe this had a great deal of influence on the quiet revolution.

**The Chairman:** Well, you can't it seems to me, only accept responsibility for the good things. If there are good things then surely there are others which must concern you that aren't so good?

**Mr. Jotcham:** Well, these things do concern me and they concern many agencies. We give many hours of time in assisting with charitable drives and so on, and our time is donated free in this area.

But I don't feel that your point of setting before a man something which he can strive to reach is bad. I think this is good. I think this should encourage these people.

You say the opportunities aren't there, but I think there are a great deal of opportunities in this country for people, and the greater the goals you set for them the more they will strive to reach them and that happens to be my own personal opinion.

**The Chairman:** Of course.

**Mr. Jotcham:** So I don't feel it is all that bad. I don't think you want to show them people in poverty that will entertain them any better.

**The Chairman:** Well, I may be guilty of Mr. Sinclair's charge of sentimentality but I think it must be terribly difficult to be a mother of a child at Christmastime and the child comes to her, having seen expensive toys at Christmas, expecting those toys and somehow it never happens. Sentimentality maybe, but it is a problem and I know it worries you.

**Mr. Brisebois:** I really think that the point has been well covered now, but I lived for some time in Europe and I got into a lot of these arguments with people all over the world and as you know advertising to a great degree is economic in North America but in those days they didn't have a mirror in front of them, they didn't have goals to think about.

It is changing I know, but in Canada and in the United States, a poor chap may be suffering when he is young but he could become president of a company because he has those targets in front of him. Because he has this, he works harder for it, and is more determined to succeed.

**Senator Macdonald:** Do you think it is true today that the average fellow or the poor man, thinks that he is going to be the president of a company. That might perhaps have been the case in the early 1900's but so few people ever reach great positions that I think the day is past where an ordinary fellow, unless he has



very exceptional ability, could become the head of a great company.

**Mr. Brisebois:** I firmly believe that it is still true today. I believe this more so than ever because education is spread right across now and you don't have to be wealthy to be educated.

These people are much more determined than the son of a rich man and there are quite a few examples in Canada and the United States where this has taken place. I firmly believe that.

**Senator Macdonald:** I hope you are right.

**Mr. Milne:** I share your concern about sentimentality but I ask you one question. Are you going to deprive them of television? I don't think that is the answer.

**The Chairman:** Well, I don't think that is the answer either. I quite agree with you. Indeed, those very same people I am sure have great enjoyment from television and it may be one of their very basic enjoyments.

**Mr. Milne:** The benefits may offset the disadvantages.

**The Chairman:** Possibly.

**Mr. Sinclair:** Well, Senator, I think this may be as significant a discussion that takes place before your Committee. That may be pretentious of me but I think we are on to an immensely important subject and if you will bear with me I have two or three comments to make.

**The Chairman:** Fine.

**Mr. Sinclair:** Around the turn of the century the Fabian socialists were forming the British Labour Party and one of their early leaders, a man called John Bacon, declared that the tragedy of the working classes was the poverty of their desires. It is a fairly famous quote because they harangued and harangued the working class to become acquisitive, to break out of their class and their complacency was immutable.

For generations they couldn't form a government although their arguments were clearly in favour of the interests of the working class. It wasn't until the rise of advertising and the mass media that advertising financed, that Labour could form a government in the United Kingdom.

In the United States it is coincident with the rise of television that the American negro has asserted himself. John Hersey, one of the greatest American journalists, has done a magnificent book called "Incident in the Algiers Hotel." It is a minute examination of a fragment of the negro riots in the city of Detroit in the summer of 1967.

In the course of that book he quotes a highly intelligent negro girl who took part in the riots. I believe she was a sophomore at the University of Michigan, and she says "You know, the riots were like a picnic. Mom and Pop, the kids and everybody was out there. You have been looking at all this cruddy T.V. glamour, all your life, and you couldn't have it—go out and get it."

And the fact is that the American negro views more hours of television than any other human being on earth and he has seen that middle class comfort and he decided to have it, and he is getting it.

Now, this is only incidentally related to advertising because of the T.V. hour, only 12 minutes at most is advertising, but the rest is all those comfortable middle-class sets on the "I Love Lucy" shows and the like and those are the things that the American negro is determined to get.

I say that making people acquisitive, making people want things, is the first thing you must do before they can have them.

**The Chairman:** Well, only 12 minutes of advertising but the remaining 48 minutes is made possible by the advertisers' dollar.

**Mr. Shultz:** Well, I think your point is right. We encourage them to buy products which perhaps they can't afford, and on this point I think you are correct.

**The Chairman:** I think we would all agree that there is an enormous amount of social unrest, social ferment if you will in the United States today, and let's face it in Canada.

It has been said many times to the Canadians, and in many different ways, that the public appears to feel itself a victim of the media. I quoted from the CFR brief but I should give equal time to CHUM.

When they were here this morning they said "The general feeling of being 'led' by the press is incapable. From the public's assumption that 'we are manipulated-to-buy-things-we-do-not-really-need' to the opinion that it cannot derive a 'true' sense of

what is "really" going on . . . the listener (reader, viewer) feels that he is being managed, not informed."

If there is some kind of credibility gap as far as the media is concerned, is the advertising media in Canada, Mr. Wilkes, suffering from some kind of credibility gap?

Mr. Wilkes: Well, I am not at all sure that I share the view of CHUM in this respect. I am more of the opinion that there is less of a credibility gap than they have indicated.

It seems to me that the concept of providing the public with what it apparently wants—we have plenty of evidence of the size of audiences that are developed. When you are talking about broadcasts, whether it be radio or television, when you put on a long hair, if you like, programme versus something that has more popular appeal, the ratings go up. I am rather of the opinion that the credibility gap does not exist to the extent which they suggest. I don't think that there is any feeling on my part that there is a credibility gap as far as advertising is concerned.

Mr. Jotcham: Well, what is the basis of the statement? What is the percentage that he is talking about? Has he any research to back this up?

The Chairman: Well, he professed to have research, yes. It is not documented in the brief but he went on to the next sentence and said "This attitude comes from every cultural and economic sector. The poor feel disenfranchised and helpless; the young feel unwanted and misunderstood; the affluent feel threatened; the intellectual feel debased and the morant feel thwarted."

Mr. Solway, who is an open line commentator on CHUM spoke rather eloquently to that particular paragraph and I asked him "Did all of those people with those various descriptions listen to his station?" He contended that they did and he spoke with them regularly on his broadcast.

However, Mr. Wilkes feels that there is no credibility gap.

Mr. Milne?

Mr. Milne: Just once again, Mr. Chairman, this is a question which we asked our members, and if you will bear with me I will read their answer as well.

The Chairman: Fine. Perhaps you will send us the whole survey.

Mr. Milne: We would be delighted to do that, Mr. Chairman.

The Chairman: Well, if the Institute would permit it, we would be very interested. Anything that isn't private or confidential we would be very pleased to receive.

Mr. Milne: Well, let me just read this one.

The Chairman: Fine.

Mr. Milne: It goes on to say:

"Not all agree but a majority feel that there has been a decline in credibility with respect to both editorial and advertising. One rubs off on the other and in the process both editorial and advertising suffer reduction in impact and effectiveness. Irresponsible reporting, sensationalism, exaggerated advertising claims made in an inane, fatuous or outlandish manner hurt the credibility of all media content, and any bad advertising reflects badly on all advertising.

However, this is not entirely the fault of the writers and the advertisers. Increased sophistication brought about by the higher total educational level, the expanded media universe, the increased volume of advertising and the environment of rapid change have led to a decrease in the acceptability of propaganda, including advertising.

Coupled with this is the lack of credibility of the young towards the Establishment, of which "Advertising" is seen to be a part, and the mistrust of advertising by Universities, Governments and intellectuals generally. With all this it becomes evident that not only has media content become less credible but that audiences have grown more discriminating and more liable to question past ways of doing things. As one member said, advertising is like sex—before they only thought about it—now they talk about it too.

Nor are all advertisers perfect and some give substance to the views of the critics. One result, however, is that the advertisers have been made more conscious of their responsibilities with a concomitant higher level of honesty at the national advertising level."

The Chairman: Thank you.

Mr. Sinclair: You quoted from a brief which refers to a credibility gap. It is suggested that advertising is

not believed and I must admit that a great deal of advertising is not, and indeed should not be literally believed.

Everyone who is ever exposed to an advertisement knows that somebody made money out of his own self interest, to put his own special meaning in his own terms.

**The Chairman:** Yes.

**Mr. Sinclair:** Everyone who looks at an ad is warned in advance. These people are trying to sell you something and they are spending money to do it.

However, the credibility gap argument in the same brief was an argument that people are being manipulated into buying things they don't want rather fascinates me.

If advertising is so immensely effective that people have lost control of their purse-strings, and are being made to buy things they don't want, then surely there is not a credibility gap, or if there is a credibility gap then please, how can we be accused of manipulating people?

**The Chairman:** Thank you.

**Senator McElman:** On this same subject?

**The Chairman:** Well, I have only one other question which I would like to put and that perhaps might close the hearing, but I would like you to go first, so please do.

**Senator McElman:** I have here an enclosure that came to us from the Canadian Advertising Advisory Board. It is a reprint that they have from the Prairie Provinces, Royal Commission Report on Consumer Problems and Inflation.

In it there is a breakdown on advertising expenditures as a percentage of sales by Canadian manufacturers. It lists 60 different sections. I checked out the top 7 of these and these are the ones with the largest percentage.

The first is breakfast foods, just short of 12 per cent. These are the ones where if your kid eats a certain breakfast food he grows 2 feet taller or something of that nature.

The next one is 6½ per cent. It is corsets, girdles and foundation garments. The ones that have so much snap that they snap back at you!

**The Chairman:** We don't know about that, Senator McElman!

**Senator McElman:** Well, Mr. Chairman, I am only speaking of the advertisement.

**Mr. Sinclair:** That is just modesty.

**Senator McElman:** The next is in the chemical field Medicinal and pharmaceutical preparations which is over 6 per cent and these are the ones where the argument as to who has the greatest number of ingredients to stop your headache. I think they all say they have more than aspirin, you know.

**Mr. Wilkes:** More than that other one!

**Senator McElman:** And then we get to soaps and washing compounds—that is 11.3 per cent. These are the ones that are fouling all our waters.

The next is toilet preparations with 15.86 per cent where if your wife uses a certain cold cream, suddenly instead of being a 50 year old wife she is a 25 year old wife.

And then the polishes and dressings. The polishes suppose are the ones that do the housework for you. They are 7 per cent.

And then finally the pipes, lighters and smoker suppliers that give us all the cancer, et cetera, and that is 6.4 per cent.

These are the highest and they are the problem area in society. What I wanted to ask if how you possibly relate the type of advertising we see in so many cases with the code that you all subscribe to? This code also comes from the Canadian Advertising and Advisory Board.

**Mr. Shoults:** Well, Mr. Chairman, just as a joke could I take on cigarettes for a minute?

**The Chairman:** Sure.

**Mr. Shoults:** You have the gentleman called Benson.

**Senator McElman:** He has been called something other than gentleman!

**Mr. Shoults:** I was being deeply sarcastic.

**The Chairman:** Benson never hedges!



**Senator McElman:** Now Mr. Chairman, it is time to adjourn!

**Mr. Shoults:** He has made it pretty obvious that he is out for increased taxes and revenue and I think one of the easiest ways he could solve all of our cigarette problems would be just to triple the tax on cigarettes. He would get more revenue . . .

**Senator McElman:** How do you know he would get more revenue? Everybody would just stop smoking.

**Mr. Shoults:** That is it precisely, sir. That is the whole point. That is the solution to one of our evils right there, so if you just increased the taxes on cigarettes, you would solve the cigarette problem.

**Senator MacDonald:** You think the government should intervene then to stop this kind of advertising in an indirect way?

**Mr. Shoults:** Yes.

**Senator MacDonald:** I saw an ad not so long ago . . .

**Mr. Shoults:** This is aside.

**Senator MacDonald:** Well this is aside also. I saw an advertisement not long ago—it was an oven cleaner, and the woman must have been a terribly dirty housekeeper because it just was incredible that an oven could get that dirty. And then it was even more credible that any kind of an oven cleaner would clean it and the dirt and grease would rush off just like magic—I don't know where it was going to.

Do you think that is honest advertising?

**Mr. Shoults:** Well, this is a subject which we could dwell on for hours, but I think very quickly that if advertising is dishonest, it doesn't portray the product properly, nothing will run the product into the ground faster because once the public buys it under false pretenses they will never go back again.

I find it very hard—you might get away with it once, but you will not do it twice. Any manufacturer that deliberately advertises under false pretenses will not live much of a life.

**The Chairman:** I think I must say also in response to Senator McElman's question, and partially in response to Senator MacDonald's question, that I am not sure fully that your questions dwell within the reaches of the Committee but rather deal more directly with a

study which we are not doing of the advertising industry.

However, I think in fairness to Mr. Wilkes that if you would like to comment on Senator MacDonald's question, please do so.

**Senator McElman:** Well, could I just read from appendix 1, page 17, paragraph 78 under the special note section?

**The Chairman:** Yes.

**Senator McElman:** This is paragraph 78:

"Nevertheless, the participating organizations agree to discourage, wherever possible, the use of advertising of questionable taste, or which is deliberately irritating in its content, or method of presentation."

**Mr. Wilkes:** You see one of the problems Senator McElman, that I think we are probably faced with is that advertising takes many forms and we as an institute are responsible, as has been said earlier, for about 85 per cent of the national advertising that goes on in the country. But there is retail advertising, a great deal of it, there is classified advertising and direct mail advertising. There are a number of different forms and there are a number of different areas and origination points over which we have no control.

That is not to say that on occasion, some of our members may not be guilty if you like, of producing an advertisement or a television commercial for an individual client that some people—and it becomes a very subjective thing at this particular point—think is in bad taste or they think it manifests some dishonest point of view.

I think Mr. Shoults' point is well taken that generally the market place keeps the advertising business, certainly in our scheme of things and the national scheme of things, just about as honest and in good taste, if you like, as it is possible for us to make it because we are not out to offend people, we are out to persuade them.

I think that this automatically exerts a type of control that is worthwhile as far as the public is concerned.

**Mr. Jotcham:** I think too that the percentage of complaints, if you like, is very low, and usually quite personal.

You talked about one particular area, for example, where there are so many more ingredients than aspirin. That is a true statement probably or otherwise it would not have passed through your government organization, the Drug Department, in which all of these advertisements have to be passed and approved. And now by the Canadian Association of Consumers.

As far as good taste is concerned, it has to be an individual factor. I am one of the old school, one of the Establishment, if you like, in that I have been extremely concerned about the increased amount of nakedness that has been shown in advertisements and so on, and the last thing that crossed my desk was an approval from the government to now advertise both contraceptive drugs and also contraceptives themselves.

Now, where does good taste begin and end? It is a government edict which now allows these things to be advertised, so I think it has to be a matter of personal choice and I think when these complaints come in they are largely a matter of personal thinking rather than them being in bad taste or being unethical.

**The Chairman:** I have two questions. They are both short, but the last question I am going to ask you all to comment on.

The one I am going to ask only you to comment on, Mr. Wilkes, is this. On page 13, section 49, you say:

"Eyes can be flicked away from print almost subconsciously while T.V., and to a lesser degree radio, virtually command attention . . .

Some of the newspaper publishers aren't going to be too happy about that are they?

Mr. Wilkes: I don't think they are because we have already had some comments about that.

**The Chairman:** You stand by the statement?

Mr. Wilkes: Yes, we think it is a valid statement.

**The Chairman:** It is modified when you go on to finish the sentence about intrusiveness, but it occurred to me that that was a pretty tough sentence as far as the newspapers were concerned.

Mr. Milne: Well, we are referring to advertising.

**The Chairman:** Well, I understand that.

Now, my final question I would like each one of you to comment on. It is a tough question for you people

but you can't hide behind the Association because I am going to ask each one of you as individuals.

I will put it to you first of all, Mr. Wilkes. Are Canada's newspapers, magazines and broadcasters doing a good enough job?

Mr. Jotcham: Well, may I qualify that. Do you mean in terms of trying to find a place for their advertisements to be placed or in terms of editorial?

**The Chairman:** Well, I think I would let you answer that any way you want to. My question is are they doing a good enough job.

Mr. Wilkes: Well, I will elect to answer that from the standpoint of advertising and I think from the standpoint of advertising and from the standpoint of delivering the kind of audiences that are generally acceptable and reasonable to Canadian advertisers, think they are doing a very good job.

Mr. Jotcham: Well, can you go to someone else because I am thinking this through.

**The Chairman:** Fine, Mr. Sinclair?

Mr. Sinclair: From the point of view of advertising, no, and from the point of view of society, no. Under no circumstances can anyone assume that any institution in society is perfect, so the answer has to be no.

In point of view of advertising I think a couple of the most important inadequacies are the inadequate documenting of the demographics and the cyclical graphics of the audience. We don't know who reads publication or views a television station to an adequate degree.

There is also commercial clutter on many stations and from the point of view of society I think that outside of the major cities, really outside of Toronto and Montreal, there is inadequate foreign reporting in our newspapers.

A great many Canadians are not able through the daily newspaper to know enough about what is going on outside of Canada and the news coverage in the broadcast media tends to be superficial.

**The Chairman:** Mr. Milne?

Mr. Milne: I would more or less come up with what Mr. Sinclair has said, and add one thing in terms of advertising, and that is that they are doing various

degrees of a good job. Some media supply better information than others and in terms of advertising you have to know what the characteristics of the medium's audience are, and it is helpful to know as much as you can.

There are some mediums—and I won't say which ones—that do a better job than others. This is an expensive process and some of them just can't afford to spend as much money as they would like.

In terms of social, basically as an individual, I am satisfied with the media that I see and receive. I think they match what I see from the United States, and I see a lot of American magazines personally, and I think the Canadian publications that I read are equally as good as anything that I see from either the United States or England.

As far as programming is concerned, I am one of these peculiar people who prefer CBC programming to anything that I see on ABC, NBC or CBS.

**The Chairman:** Mr. Jotcham, are you still thinking?

**Mr. Jotcham:** Well, I am always thinking. I would say in the area of service to advertisers, I think the bulk of our media do an excellent job. They supply us with good information for the most part, but this varies by media. But they do an exceptionally good job. They are able to do a reasonable buying job in most instances for their clients.

In terms of the editorial policy of the newspapers, I must admit that I have a considerable amount of concern with the sensationalism that is shown both in newspapers and in the broadcast media where we don't get both sides of the story.

I have to say that again this varies by media, it varies by time of year, it varies by what have you. I think on the whole though, that our media are doing an excellent and creditable job.

Unlike one of our worthy colleagues, who presented private brief, I don't believe that daily newspapers necessarily should cater to underground people with the use of 4-letter words, for example,

I think they supply a sufficient amount of editorial appeal to different groups of people with women's pages, sports pages, articles on cameras, et cetera, et cetera. There is a variety and I think they are doing an excellent job.

On the whole, I find that I am kept informed and well informed on what is going on on all sides of the

fence; Canadian Government, foreign governments and what have you.

**The Chairman:** Thank you.

Mr. Brisebois?

**Mr. Brisebois:** Well, most of the points I was going to talk to have been pre-empted now, sensationalism being one. The fact that the media don't give us such information as for instance as they do in the United States, but I will take another tack if you wish.

Agencies have been accused, either as a group or individually, of favouring one medium over another. I am talking for myself now.

**The Chairman:** Yes.

**Mr. Brisebois:** I would like to make this comment. We are all honest people and I hope professionals, and when we have a product, we know the product objectives, we try to find out what the market is and we try to reach it.

We see the creative side of these things and we try to match all of these items. We study all the things very carefully and if the advertising medium is TV, then that is the very best place for it to be. If it is radio, then that is the very best place for it to be. We study all these things very carefully and very consciously and honestly and I don't think the agency business has any favourites because we look at it and analyze it very carefully before we recommend it to our clients.

**The Chairman:** Thank you.

Mr. Shoults?

**Mr. Shoults:** I am sort of the last dog on the pole.

**The Chairman:** Last but not least.

**Mr. Shoults:** Most of my material has already been stolen.

In the first place, I hate to agree with Mr. Sinclair quite as much as I do. On the advertising side of the media, I find myself wearing two hats.

I as a person, a Canadian, don't like *Time* magazine in Canada at all. I wish it wasn't there. I wish we had a *Time* magazine just as good in Canada, but the fact of the matter is we don't, and if some client says to me "Well, should I go in *Time* magazine as opposed to Magazine X, unfortunately I have to tell him to go into *Time*."



I am concerned at this point about selling his product and not about what media I think should be for the good of Canada or this or that or the other thing.

I find myself in a rather invidious position as far as assessing media that are controlled outside of the country and controlled in.

As far as analyzing the media from an advertising point of view, I think that the newspapers do the poorest job of providing agencies with material and background.

I think that on the editorial end they have far more leeway than any other medium in Canada; they are not controlled by the government, they are not told how many adds they can run, they are not told what kind of editorial, they are not worried by being franchised by government bodies, so they should have more opportunity to take a position—a stand, an editorial stand.

As far as the broadcast media are concerned I personally feel that they are much more sales-oriented. We get on balance better material, particularly from the smaller stations in smaller areas than comparable newspapers.

I get very tired from listening to people tell me about how many commercials a radio or television station has. Under the aegis of the CRTC, they can tell them they have 12 minutes, 14 or 4, but there is no doubt that the broadcasters will have to adhere to whatever the edict is.

I wish that the broadcast media would take editorial stand but very few of them do. It has been obvious in the last few days one of the reasons they can't.

I think if I had a medium I would gamble anyway and take editorial stand. I wish they did. I think it is a void in Canada, particularly in areas where they don't get press coverage as easily as they do in the larger urban areas—that it would be a good thing.

I think that is all I can add Mr. Chairman.

**The Chairman:** Thank you very much.

Mr. Wilkes and gentlemen, I perhaps could direct my remarks to you, Mr. Wilkes, but they apply equally to all of the members of your organization.

We are certainly mindful of the fact that yours is an association and as such there is a complex mix of association views and individual views. The discussion we have had here tonight has been useful.

We complete our hearings a week from tomorrow and then we turn to the task of writing our report, and I don't think that task has been made easier by the presentation made here this evening.

On the other hand, I don't think it would have been possible without the presentation here this evening because of the role and the function which the Canadian advertising agency industry has in the Canadian mass media spectrum.

I think you have all been very frank. I have said this to many publishers and broadcasters but if the organization has additional thoughts from having been here and having heard our questions and you have other ideas that you would like to send us, they would be gratefully received.

I hope we have demonstrated in our questioning that this is not an inquiry into the advertising industry, but at the same time you gentlemen are pretty important to the mass media, and again thank you, and I hope you will thank your full membership on our behalf.

As far as the Senators are concerned, I would say that if you are a Ranger fan you shouldn't be too unhappy about missing the game because with 15 minutes to go it is 4 to 1 for Boston. That was 15 minutes ago so you needn't raise the roof.

Our final hearing next Friday morning is with the Honourable Gerard Pelletier. The only change in the hearings schedules for next week from the one which you have is that at 2.30 on Thursday April 23rd we are going to receive a joint brief from L'Évangéline and La Société National des Acadiens.

Tuesday, at our next public hearing, we are receiving a presentation at 10 o'clock in the morning from CFTO and we are spending the afternoon with CTV management and the evening with CTV operations.

Wednesday and Thursday we are dealing mostly with cable companies, except for L'Évangéline as mentioned, and ACTRA, which is coming before the Committee next Thursday afternoon at 4 o'clock.

Thank you, and the meeting is adjourned.

The Committee adjourned.













Second Session—Twenty-eighth Parliament  
1969-70

# THE SENATE OF CANADA

PROCEEDINGS  
OF THE  
SPECIAL SENATE COMMITTEE

ON

# MASS MEDIA

The Honourable KEITH DAVEY, *Chairman*

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**No. 40**

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TUESDAY, APRIL 21, 1970

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## WITNESSES:

*Baton Broadcasting Limited*: Mr. Edwin A. Goodman, Q.C., Counsel and Director; Mr. E. J. Delaney, Vice-President, Programming; Mr. L. M. Nichols, Vice-President, Finance.

*CTV Television Network Limited*: Mr. Murray Chercover, President and Managing Director; Mr. Keith Campbell, Vice-President, Marketing.



MEMBERS OF THE  
SPECIAL SENATE COMMITTEE ON MASS MEDIA

The Honourable Keith Davey, *Chairman*

The Honourable L. P. Beaubien, *Deputy Chairman*

Beaubien  
Bourque  
Davey  
Everett  
Hays

Kinnear	Prowse
Macdonald ( <i>Cape Breton</i> )	Quart
McElman	Smith
Petten	Sparrow
Phillips ( <i>Prince</i> )	Welch

(15 members)

Quorum 5

## ORDERS OF REFERENCE

Extract from the Minutes of Proceedings of the Senate, Wednesday, October 29th, 1969.

With leave of the Senate,

The Honourable Senator Davey moved, seconded by the Honourable Senator Lang:

That a Special Committee of the Senate be appointed to consider and report upon the ownership and control of the major means of mass public communication in Canada, in particular, and without restricting the generality of the foregoing, to examine and report upon the extent and nature of their impact and influence on the Canadian public, to be known as the Special Committee of the Senate on Mass Media;

That the Committee have power to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of the inquiry;

That the Committee have power to send for persons, papers and records, to examine witnesses, to report from time to time and to print such papers and evidence from day to day as may be ordered by the Committee;

That the Committee have power to sit during adjournments of the Senate and that Rule 76(4) be suspended in relation to this Special Committee from 9th to 18th December, 1969, both inclusive, and the Committee have power to sit during sittings of the Senate for that period;

That the papers and evidence received and taken on the subject in the preceding session be referred to the Committee; and

That the Committee be composed of the Honourable Senators Beaubien, Davey, Everett, Giguère, Hays, Irvine, Langlois, Macdonald (*Cape Breton*), McElman, Petten, Prowse, Sparrow, Urquhart, White and Willis.

After debate, and—

The question being put on the motion, it was—

Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Thursday, November 6th, 1969.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Smith:

That the names of the Honourable Senators Giguère and Urquhart be removed from the list of Senators serving on the Special Committee of the Senate on Mass Media; and

That the names of the Honourable Senators Bourque, Smith and Welch be added to the list of Senators serving on the said Special Committee.

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Thursday, December 18th, 1969.

With leave of the Senate,  
The Honourable Senator McDonald moved, seconded by the Honourable Senator Smith:

That Rule 76(4) be suspended in relation to the Special Committee of the Senate on Mass Media from 20th to 30th January, 1970, and that the Committee have power to sit during sittings of the Senate for that period.

After debate, and—  
The question being put on the motion, it was—  
Resolved in the affirmative, on division.

Extract from the Minutes of the Proceedings of the Senate, Friday, December 19th, 1969.

With leave of the Senate,  
The Honourable Senator McDonald moved, seconded by the Honourable Langlois:

That the names of the Honourable Senators Bélisle and Phillips (*Prince*) be substituted for those of the Honourable Senators Welch and White on the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Tuesday, February 3, 1970.

With leave of the Senate,  
The Honourable Senator McDonald moved, seconded by the Honourable Langlois:

That Rule 76 (4) be suspended in relation to the Special Committee of the Senate on Mass Media from 10th to 19th February, 1970, both inclusive, and that the Committee have power to sit during sittings of the Senate for that period.

After debate, and—  
The question being put on the motion, it was—  
Resolved in the affirmative.



Extract from the Minutes of the Proceedings of the Senate, Thursday, February 5, 1970.

With leave of the Senate,  
The Honourable Senator McDonald moved, seconded by the Honourable Senator Haig:

That the names of the Honourable Senators Quart and Welch be substituted for those of the Honourable Senators Bélisle and Willis on the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Tuesday, February 17, 1970.

With leave of the Senate,  
The Honourable Senator McDonald moved, seconded by the Honourable Senator Connolly (*Halifax North*):

That the name of the Honourable Senator Kinnear be added to the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Tuesday, March 3, 1970.

With leave of the Senate,  
The Honourable Senator McDonald moved, seconded by the Honourable Senator Denis, P.C.:

That the name of the Honourable Senator Langlois be removed from the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Tuesday, March 3, 1970.

With the leave of the Senate,  
The Honourable Senator McDonald moved, seconded by the Honourable Senator Denis, P.C.:

That Rule 76 (4) be suspended in relation to the Special Committee of the Senate on Mass Media from 4th to 13th March, 1970, both inclusive, and that the Committee have power to sit during sittings of the Senate for that period.

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Thursday, March 19, 1970.

With leave of the Senate,  
The Honourable Senator McDonald moved, seconded by the Honourable Senator Smith:

That Rule 76 (4) be suspended in relation to the Special Committee of the Senate on Mass Media on 24th and 25th March, 1970, and from 14th to 23rd April, 1970, both inclusive, and that the Committee have power to sit during sittings of the Senate for that period.

After debate, and—

The question being put on the motion, it was—

Resolved in the affirmative.

ROBERT FORTIER,  
*Clerk of the Senate.*

## MINUTES OF PROCEEDINGS

TUESDAY, April 21, 1970.  
(40)

Pursuant to adjournment and notice the Special Senate Committee on Mass Media met this day at 10.00 a.m.

*Present:* The Honourable Senators: Davey (*Chairman*); Macdonald (*Cape Breton*), McElman, Petten, Prowse and Smith. (6)

*In attendance:* Miss Marianne Barrie, Director and Administrator; Mr. Borden Spears, Executive Consultant; Mr. Yves Fortier, Counsel.

The following witnesses, representing *Baton Broadcasting Limited*, were heard:

Mr. Edwin A. Goodman, Q.C., Counsel and Director;  
Mr. E. J. Delaney, Vice-President, Programming;  
Mr. L. M. Nichols, Vice-President, Finance.

At 1.00 p.m. the Committee adjourned to 2.30 p.m.

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At 2.30 p.m. the Committee resumed.

*Present:* The Honourable Senators: Davey (*Chairman*); Bourque, Everett, Macdonald (*Cape Breton*), McElman, Petten, Prowse, Quart and Smith. (9)

The Honourable Senator A. H. McDonald, not a member of the Committee, was also present.

*In attendance:* Miss Marianne Barrie, Director and Administrator; Mr. Borden Spears, Executive Consultant; Mr. Yves Fortier, Counsel.

The following witnesses, representing the *CTV Television Network Limited*, were heard:

Mr. Murray Chercover, President and Managing Director;  
Mr. Keith Campbell, Vice-President, Marketing.

At 6.20 p.m. the Committee adjourned to Wednesday, April 22, 1970, at 10.00 a.m.

ATTEST:

Denis Bouffard,  
*Clerk of the Committee.*





## SPECIAL SENATE COMMITTEE ON MASS MEDIA

### EVIDENCE

Ottawa, Tuesday, April 21, 1970

The Special Senate Committee on Mass Media met this day at 10 a.m.

**Senator Keith Davey** (*Chairman*) in the Chair.

**The Chairman:** Honourable Senators, if I may call this session to order. The brief we are receiving this morning is from Baton Broadcasting Limited, which of course as you know is CFTO Television in Toronto.

Seated on my immediate right is a director of the company, Mr. Edwin A. Goodman, Q.C., who is known to some of the Senators in other capacities as well. On my immediate left is Mr. L. M. Nichols, who is Vice-President, Finance, of Baton Broadcasting Limited. And at the left end of the table is Mr. E. J. Melaney, who is Vice-President, Programming.

I would simply say to you, Mr. Goodman, that the procedure we follow here is basically a simple one. We would ask you, if you could, to take, perhaps, ten, twelve, fifteen minutes to make an opening statement and then following that statement we would like to question you on your statement. I may say it has been the procedure where most of the witnesses who have come before the Committee to present the Committee with a written brief. We regret very much, but we certainly understand the fact that this hasn't been possible with CFTO. I know you have had other matters very much on your mind. Perhaps the fact that you have not been able to prepare a written brief for us will make us even less inhibited when it comes to the question period. We will question you on the contents of your remarks, but we will want to question you on other matters as well.

I think it is important for you to understand, and I know you do because we have talked about it, that this is not a poor man's CRTC hearing. We are interested in CFTO's

role and function in the broad media spectrum and we are not interested in broadcasting as an end unto itself.

I suppose the CRTC isn't either, but in particular, this Committee is trying to look at the broad media spectrum. Having said those things, welcome, and thank you for coming. Why don't you simply proceed with your statement, then we will put questions to you. Incidentally, if you wish in answering questions to refer them to either of your colleagues, please feel free to do so.

**Mr. Edwin A. Goodman, Q.C., Director, CFTO Television:** Senator Davey and gentlemen, thank you very much. I was first of all going to apologize for not having a written brief in front of you, but as the Chairman has indicated, we have spent all of our time most recently in preparations for the hearings that were going on in which licence renewals came up.

Now, may I extend to you the apologies that the president and chairman of CFTO, Mr. John Bassett, is not present this morning. I think he felt that one appearance in front of the Committee was all that the Committee could stand of him and asked me to appear. I happen to be a director and have a small interest in Baton Broadcasting Limited.

Now, I think in his last appearance in front of you, Mr. Bassett said he believed that it was in the best interest of Canadian publishers and journalism and also Canadian broadcasting for any company or organization to practise personal journalism or personal broadcasting, where the public know who is responsible for what is written in a newspaper or what comes over the airways. I guess that puts me in an unenviable position to come today to represent a personal broadcaster. I can't say that I am John Bassett's alter ego, at all, but maybe in view of what the Chairman has stated, perhaps I am just a poor man's John Bassett, but I will endeavour to give to you what is the policy of CFTO,

which, as we frankly say, is greatly influenced by the controlling shareholder, represented by the president.

Now, it seems to us that in view of the fact that the Telegram Publishing Company is the controlling shareholder in Baton Broadcasting Limited, it would be of interest to this Committee if we dealt in our opening remarks with our views on cross-media holdings, and I would like to begin at that spot.

First of all, without reservation we think that there is a great deal of benefit and value to be derived by the Canadian public from cross-media holdings. That is we believe that the development in broadcasting, newspapers, radio and television should have an interchange of interest. We feel particularly that there is a long and honourable tradition among newspapers that sometimes may be lacking in broadcasting. It is not my intention to bore you with the stories of the courageous stands that newspaper publishers and reporters have taken in various countries of the world in defence of freedom. In many countries where freedom is a minus quantity, newspapers have led that fight.

Furthermore, newspapers, of course, are interested particularly in news and in public affairs. We believe that this is also a very beneficial interest for broadcasters. We believe that the tradition of journalism can give courage to broadcasters which is particularly important in any industry which is heavily governmentally regulated. It is not an uncommon thing for people who have to get renewals of their licences to have some regard as to what they say and this inhibiting factor is understandable and natural. We feel to some extent it is overcome by the traditions of journalism.

In the same way, we believe that newspapers can learn a great deal from broadcasting. Broadcasting has been, and I suppose still is, more oriented towards entertainment naturally than the newspapers and we feel that this is also beneficial to the newspaper, which can benefit from sometimes being a little bit more entertaining than they have been in the past. We firmly believe that the public is best served by the interplay of these various traditions.

Furthermore, there are other areas which we feel can be helpful in communications and it is exemplified by what we are doing at CFTO. We believe the field of moving pic-

tures, films, is important in broadcasting and recently Baton has embarked, with the help of the Canadian Film Development Corporation upon producing films. We have now one picture which is presently showing in Toronto and we have another one which we are co-producing out in British Columbia. We have several more in the stages of pre-production work because we feel this is all part of a type of service that a communications company should be giving to the public and which interrelates in a beneficial way.

Now, having made that brief statement on our support of the principle, I would like to just relate that to the situation in Toronto. I understand—I received instructions that both Mr. Honderich of the *Toronto Star* and Mr. Thornton Cran of CFRB have indicated that they feel that there is an unfair advantage to be derived by the *Telegram* and CFTO as a result of this interrelationship. Well, subject only to the fact that I do believe as I have already stated that it increases the quality of either the newspaper or the broadcasting, I don't think those statements are factual. We wish they were, but all you have to do is to read any of the *Toronto Star's* advertisements where they proudly proclaim the largest circulation in Canada on every occasion, to recognize that the advantage doesn't seem to hurt them too much.

Furthermore, you then look at CFRB which seems to have the largest listening audience of any radio station and once again you aren't going to have any copious tears.

Furthermore, it seems to me that this is a view which neither CFRB nor the *Toronto Star* seems to have held back in 1960, when they both made application for the granting of a television licence, which was granted to CFTO. It didn't seem to inhibit them at that stage, and as I say, the *Star* has continued to grow and CFRB has continued to grow notwithstanding the granting of the licence to Baton in which the *Telegram* has a large interest.

Now, quite frankly I hope to be helpful to this Committee but I am making these statements merely in response to the issues that were brought out by Mr. Honderich and by Mr. Cran. In particular, as far as CFRB is concerned, which has three radio stations in Toronto, an FM and an AM and a short-wave station in Montreal, and they are making an application for a station in Hamilton, I don't



mind taking a swing at them because they have been whining ever since they didn't get the licence. As I say, there is just no factual basis for the statement that they have made as indicated by the situation in Toronto.

This leads me to the next subject and the question as to the dangers of some of the joint ownership of the mass media. Certainly, I say without fear of contradiction really that, in Toronto, no such danger exists. There are three daily newspapers, which, for a city the size of Toronto, is quite unusual. All of them are thriving with large circulation and as I have indicated, the circulation of the *Star* exceeds that of the *Telegram*; so there is obviously a lot of competition for men's minds in the newspaper field.

There are six television stations in Toronto. There is the CBC station; CFTO; there is the Hamilton station which has offices and proclaims itself as a Toronto station; there are three American stations, which all beam in a strong signal; so obviously no one has any monopoly in the television market.

In addition to that there are innumerable radio stations plus the periodicals. So all that I say is that insofar as Toronto is concerned, we only have a small share of the market which is open to competition on every side, and I don't think that we are in any position at all to monopolize ideas or men's minds in any way, shape or form. You couldn't think of a more fiercely competitive market than exists in Toronto any place on the continent.

Now furthermore, I just want to point out our views on this matter. When Barrie made an application to become a Toronto station, we did not oppose that application and, in fact, we made a public statement welcoming the application. The other day, when asked whether we thought there was more room for another television station in Toronto, Mr. Bassett's answer to the CRTC was: "I own a television station, therefore my answer to that question is no. If I didn't own a television station, my answer to that question would be yes."

He then went on to point out that CFTO could stand the additional competition but the effect would be felt in the periphery or marginal markets because it would fragment the advertising revenues which generally stay in the major markets. Stations like Peterborough, Kingston, North Bay, and Moose Jaw would be the ones that feel the effect of

another station in Toronto, rather than CFTO.

The corollary of whether I feel that there are any inherent dangers—and as you see we obviously don't—is that if there are dangers, and I am not suggesting that there are in the situation in Canada at the present time, those dangers would arise out of large national holdings where there is no opportunity to pinpoint responsibility. That is, those communications businesses, which are more of an investment than an exercise in personal broadcasting, and where holdings are held in various parts of the country and operated from some other part of the country, present a greater danger than exists certainly in the Toronto situation at the present time.

As I have indicated, what is important to the public is to have alternate views and to know who is presenting the view and where they can pin the responsibility. In Toronto there are lots of alternate views and one thing is certain; they always know where to pin the responsibility.

Now, this then leads me really—going through your questionnaire—the first question that was asked was on the question of the suitability of the present system. In our opinion any system is as good as the people that operate the system to a large extent and systems alone don't decide excellence. But we believe that any system of regulation of broadcasting or, for that matter, any other field, requires the opportunity of a full and open hearing to obtain the varied views of affected groups, such as, in this case, the broadcasters and the public, by a board of competent persons, and we feel that does exist in broadcasting regulation at the present time.

The Broadcasting Act provides for full hearings and the CRTC has been following both the letter and the spirit of the Act, and we feel that the industry is being governed and regulated by a competent board. Not that the competent board has seen fit to be very kind to us, but I think in order that you may gain some idea as to the objectivity of our views, we had two main applications in front of the Canadian Radio and Television Commission.

The first was for a continuation of cable in Toronto that we got into just before the board took over supervising it, and they rejected us rather unceremoniously out of cable. We then made an application for the

Windsor television station in conjunction with Maclean-Hunter; they allowed us to go in with the CBC, only I suppose as a short-term measure, as the CBC has to take it over within five years. So I must say that in making this statement I think we can be very objective about the matter.

Now, what we do agree with, and this really is the crux of the whole broadcasting situation at the present time, we do believe that the broadcast industry in Canada must be in the forefront of the fight to maintain a distinctive Canadian identity and that it must interrelate various parts of the country to each other.

In a country that is situated such as Canada is, right next to the United States, and with the large economic domination of Canada by the United States, this is one place where the Chairman of this Committee and I share an admiration for the views of Walter Gordon, though not necessarily for the means by which he had hoped to achieve these views.

With that situation existing in Canada today, the broadcasting industry has a very, very important obligation to the country. CFTO feels very strongly about that obligation, and we know that we agree with the CRTC which feels very strongly about that obligation. Now, in order to make something abundantly clear, I don't want you in this Committee to get the idea, that because we strongly support the CRTC in this, that we believe this is a very important obligation of broadcasting or that we endorse the proposed Canadian content regulations that are being heard—because in fact we do not. Our position is that which is being expressed by the CTV network.

We believe that they are premature and the views that Mr. Chercover expresses are supported by CFTO. While we strongly endorse the objectives, the question as to how you reach those objectives—I understand that Mr. Chercover is appearing later this day in front of your Committee, and he can express his views having a greater depth of knowledge than I have in this matter. But we are, with the other stations of the network, in support of the proposals that are being made by Mr. Chercover yesterday and again I believe this morning.

Now, we do however feel in this field, and this I suppose is the most constructive thing I can say in this rather long and rambling

opening remarks, that we do believe that there is a great opportunity afforded this Committee by some simple recommendations to assist the strengthening of Canadian broadcasting, which will in turn help it assist in maintaining a Canadian identity; and I would like to propose in conclusion one simple recommendation which we suggest to you.

It flows from the steps that were taken by Parliament in connection with foreign periodicals. There has been established in the northern United States two television stations. One at Pembina, which is KCND, and one in Bellingham—KVOS—which have been established merely to live off of Canadian advertising to the detriment of those Canadian stations that are within their contours. It is our respectful recommendation to your Committee that, if it is important in a non-regulated industry like periodicals to give protection, in a regulated industry where you exact high demands and impose obligations on the industry, it becomes that much more important to give some protection.

And we suggest that the same steps be taken whereby the advertising by Canadian businesses on American television or radio stations becomes a non-deductible expense. This should succeed in directing some advertising of Canadian businesses back from the United States because it is only being beamed into Canadian audiences, and should strengthen Canadian broadcasting, in particular, those stations in British Columbia and in Manitoba. We think that this step would help Canadian broadcasters grow to economic strength that would enable them to continue to improve the quality of Canadian programming.

Now, we in CFTO are very proud of the quality of the programming. I think it is fair to say that we have clearly led the way of any private station in producing Canadian programming. 82.9 per cent of the money that we spend on programs is spent for Canadian programming. We produce programs for ourselves, we produce programs for other private stations. We produce programs for the network. And as I said, the money spent on our station—over 80 per cent of it is spent on Canadian programming.

We clearly recognize our obligations in this field, and if dollar sums are of any interest to you, since we have had our licence, we have spent approximately \$5,700,000 on Canadian talent. That is not for program rights or not



for technical help, but just for talent. That gives you some understanding of how seriously we take the obligations that are imposed upon us by the Broadcasting Act.

Mr. Chairman and gentlemen, I hope those remarks may be of some assistance to you.

**The Chairman:** Your opening remarks will be very helpful, and I think what we will do now is turn right to the questions.

I say again if you wish to refer any of these questions to the other two gentlemen, please feel free to do so. I might again remind the Senators that Mr. Nichols on my left is Vice-president (Finance) and Mr. Delaney at the end of the table is Vice-president (Programming).

I suppose I should say, Mr. Goodman, that I have known you a long time but I have never thought of you as being a poor man's John Bassett.

I believe the questioning this morning will begin with Senator McElman.

**Senator McElman:** Mr. Chairman, your recommendation with respect to Canadian advertising dollars now flowing to border stations—that would be effective with the local Canadian-based firms but would it be very effective with subsidiaries of U.S. firms in Canada who could transfer their budget dollar through the U.S.?

**Mr. Goodman:** Yes, that could be a problem, senator.

**Senator McElman:** Do you have any thoughts on that?

**Mr. Goodman:** I think however, that naturally if the money is being spent in the United States by the parent company, there is no way we are going to be able to get at that, but I believe that that wouldn't be the effect. It would cause a fair amount of dislocation for the American firms that do go out of their normal advertising budget. I think that many firms do budget their Canadian subsidiaries on their own, and I think that rather than try to get around it, they would use the Canadian television stations. But it would certainly make it less effective in the cases where somebody like Lever Brothers would get the benefit of their American advertising.

But for example—I am told, and I am really thinking of the stations like Winnipeg and Vancouver, that a lot of the advertising done in Pembina is done by local stores in

Winnipeg. I believe the same applies to Vancouver. Is that right, Mr. Delaney?

**Mr. E. J. Delaney, Vice-President, Programming, Baton Broadcasting Limited:** That is right.

**Mr. Goodman:** So we can certainly get at that type of thing. Pembina was put up just for the purpose of taking revenue out of Winnipeg by and large, and it certainly would never have been established if Winnipeg hadn't been right there to provide a course of revenue. That type of broadcasting or that type of advertising I think would be effective.

**The Chairman:** Mr. Fortier, do you have a supplementary question?

**Mr. Fortier:** Yes, Mr. Chairman, but I will wait until Senator McElman has finished.

**Senator McElman:** On Pembina, you suggested that it would never have been established and it couldn't probably exist if it couldn't get the advertising dollar out of Winnipeg as well. Is that your view?

**Mr. Goodman:** That's right. We think the both of them probably couldn't continue to function.

**The Chairman:** Mr. Fortier?

**Mr. Fortier:** Mr. Goodman, you speak repeatedly of Pembina and Bellingham, and I haven't heard Buffalo's name mentioned. Are you really mainly concerned about those pirate stations just over the border or are you not just principally interested in the Buffalo vis-à-vis the Toronto market situation?

**Mr. Goodman:** Strange as it may seem, Mr. Fortier, we are more concerned with them. It would be of some assistance to us but we have been doing very well indeed. Furthermore, the situation that the Senator expressed about national advertising, applies more to Buffalo than it would to Pembina or KVOs in Bellingham.

Now, we have done quite well except the fact that what may happen in the future may depend upon the events of the next week or ten days. It will be of some benefit to us but we feel that we have a large market; we are first in the field; and CFTO has the largest percentage of the audience. And we feel that the advertisers need us more than they do the other stations.

So while it would be of some assistance, that is not the primary aim, although we are



always glad to have some help, especially, if we are going to be called upon more and more to make a contribution to maintain Canadian identity.

Furthermore, let me say this. As has been stated publicly on many occasions, CFTO has made a great contribution to the network. It produces programs which sometimes it sells to the network, sometimes it gives to the various stations themselves, and the strength of the network, to a large extent, depends upon the strength of CFTO on many occasions. So if it does give us a little help, it will merely be help that will strengthen CTV.

**Mr. Fortier:** Do you have any figures, realizing that this is a terribly relative area, but do you have any figures as to how many Canadian advertising dollars are beamed on Buffalo stations as compared with those that are beamed on Pembina and the Bellingham stations taken together? I have reason to believe that there are more Canadian advertising dollars, that are directed to Buffalo and I am thinking of the Montreal market, than Bellingham and Pembina put together?

**Mr. L. M. Nichols, Vice-President, Finance, Baton Broadcasting Limited:** There have been, Senator Davey and members of the Committee, numerous figures bandied about, the authenticity or the accuracy of which I guess nobody can know. But there has been a figure mentioned in excess of one million dollars being spent by Canadian advertisers on all three Buffalo stations.

Of course, a lot of that money comes from breweries; but to be actually accurate, I don't think anybody could be. They advertise for short flights, certain people are in for parts of the year and some of your large car manufacturers have common commercials. But if you ask them if they were being directed back in Toronto, they would say they were simply being purchased through the Buffalo market. I couldn't tell you the exact figure.

**Mr. Fortier:** Mr. Goodman, Section 12(a) makes an exception in the case of *Time* magazine and *Reader's Digest*. In your approach to this particular problem, in translating it to the broadcasting industry, do you feel that exceptions should be made?

**Mr. Goodman:** No, not at all. I mean, *Time* comes here and they are over there—and I

won't get into the question of the relative contribution that is made by magazines. I am not competent to do so. But I will say this. They are not making any contribution that can't be made much better by existing Canadian stations supplying a much greater service. They are not subject to the regulation about Canadian content or anything else. I would just say, categorically, no.

**Mr. Fortier:** So this would be a blanket non-deduction?

**Mr. Goodman:** Yes, sir.

**The Chairman:** Would you apply that back to magazines?

**Mr. Goodman:** I beg your pardon?

**The Chairman:** Would you remove the special exemption presently enjoyed by *Time* and *Reader's Digest*?

**Mr. Goodman:** Well, I am just not really competent to make a statement on that. I would be unfair to both *Time* and *Reader's Digest* to let my national Canadian emotionalism get into that.

**Senator Prowse:** Mind you, *Time* does have limited Canadian content.

**Mr. Goodman:** That's right. There can be the distinction between *Time* and *Reader's Digest* and the American broadcasting stations.

**The Chairman:** Well, getting back to Senator McElman's line of questioning. He asked only one question and we have been on the supplementaries ever since. I think you are competent to give us the benefit of your thinking. This is an area which interests the Committee greatly.

We have had representations, as I am sure you know, from *Time* and *Reader's Digest* and from the Canadian magazine industry and from many individuals and organizations, and we have been able to draw most people out on the subject. With the genuine respect I have for you, I do think you have an opinion which would be of great value to this Committee, but if you will not express it, we won't make you. However, do you think it would be in the national interest to remove the exemption presently enjoyed by *Time* and *Reader's Digest*?

**Mr. Goodman:** Well, let me say this. If I really believed that it would result in a resur-

gence of a strong Canadian periodical industry, I would probably be in favour of it; but my own views are that it probably won't have that result—I just don't know if it would. If I really felt that that would be the result, I think a case can be made for it.

I am speaking personally now, and not for CFTO. Let us make this perfectly clear, because my views are diametrically opposed to Mr. Bassett's on this subject.

I don't really believe—and this is really an uneducated guess—that this would have that result, and if it doesn't have that result, then any point would be that it is not worthwhile.

Whereas with the Canadian broadcasting industry, we do know that we have a very viable industry which has been called on to make greater and greater contributions. I think that the contributions of broadcasting to Canadian identity and to Canadian interrelations are much greater than that of the periodical industry, and therefore I feel that it is much more important in our field.

If you gentlemen could satisfy yourselves that there is going to be some truly great benefit then I think it would be justified, but unless you could satisfy yourselves of that, I think it would not be justified.

**Senator McElman:** Associated with this, Mr. Goodman, is the development with Canadian advertising agencies. We have learned through recent testimony, and through other material, that the corporate membership of the I.C.A., The Institute of Canadian Advertising, is 49 and 25 per cent of them are now U.S.-controlled through subsidiaries and so on, and they are getting somewhere in the order of thirty to thirty-five per cent of the share of dollars made or handled by the Canadian agencies.

Would you see a danger in a continuation of this trend from the standpoint of Canadian ownership; and additionally, would you perhaps see some danger in U.S. subsidiaries siphoning Canadian dollars toward broadcasters at border points?

**Mr. Goodman:** Well, my instructions are that we have noticed no effect on our programming by this phenomenon, if you want to call it that, by the American advertising agencies. But I would ask Mr. Delaney to comment on this because he works directly with the advertising agencies and can be of more benefit than I can be.

**Senator Prowse:** May I ask a question?

**The Chairman:** Certainly.

**Senator Prowse:** You said "my instructions are." Now, did you mean "your information is"?

**Mr. Goodman:** Yes; my information. My information came from Mr. Delaney so I am going to turn this question over to him.

**Senator Prowse:** Fine.

**Mr. Delaney:** We have two very strong, vibrant advertising agencies that account for large amounts of billings on our station and I will name them, if I may. That is MacLaren's, which is an indigenously Canadian advertising agency, and Cockfield, Brown and Company. We have never found in the ten years of doing business in Toronto that an advertising agency, be it a subsidiary or with some shareholdings from an American agency, has in any way unduly influenced in placing business. As a matter of fact, I wish I could be more specific, but as one's mind goes back over *Marketing* magazines, I have seen so many numerous occasions where an agency has resigned an account on competitive reasons in the United States, and yet the Canadian agency continues to keep its counterpart in Canada.

We have never found any media control or undue influence put upon our sales organization or on the management of the station to bring availabilities out in a certain fashion or to give favouritism because I think the Canadian agencies do compete vigorously and well, and I think if there is any association with American agencies, it is strictly supplementary.

Or you may have an adjacent border point where somebody from the United States could service that client better, where there may be some creative aspect or technology that is available in the United States.

We have never found in our ten years—and I think we vigorously comb all the areas, from Western Canada right across to Newfoundland. We have our own sales office in Montreal, we have our own sales office in Toronto. We do not handle reps so we know from what we speak because they are our own employees who are doing this selling—and we haven't found any conflict at all.

**The Chairman:** Does it concern you, Mr. Delaney, that the advertising industry will be



majority-controlled by Americans inside of ten years in Canada?

**Mr. Delaney:** If that would be the trend...

**The Chairman:** Well, you say "if that would be the trend." The figure presently is 24 per cent and it is going up one per cent a year on an average over the past five or eight years, and clearly that is the trend. So does this not concern you?

**Mr. Delaney:** Well, Senator Davey, I wish I could give you a more direct answer but I guess, like most people, the concern only comes when it becomes a reality. As far as CFTO is concerned, we haven't found any detrimental effect.

I personally, as a Canadian, might be concerned but I don't think, corporately, that it affects CFTO at all.

**The Chairman:** Senator McElman?

**Senator McElman:** Well, with the subject of perhaps the desirability of maintaining a Canadian identity—when it becomes majority-controlled, owned by U.S. interests, if that is permitted to happen, would you not see some danger in perhaps the direction that the advertising content might take? The further Americanization of the Canadian identity. Would that concern you?

**Mr. Goodman:** May I have that clarified, Senator? When you say "the Canadian content", what do you mean?

**Senator McElman:** Well, there is a type of advertising that conceivably could appeal to the American identity and perhaps it could be different for the Canadian identity.

**Mr. Goodman:** The actual commercials?

**Senator McElman:** The content of the commercials, the advertisements themselves.

**Mr. Goodman:** Well, let me say this. You can't treat that problem out of context of the whole Canadian problem.

Now, I am prepared to spend the next five hours with this Committee discussing the problems that face this country by means of maintaining a Canadian identity because I happen to be an economic nationalist, and my views, you know, are well known on this subject, or I have endeavoured to make them well known in any event.

**Senator McElman:** Excuse me, Mr. Goodman. I think we will be moving into that area,

but the question is with regards to Canadian content in advertising.

**Mr. Goodman:** I believe of course that there are inherent dangers in any industry in Canada falling into other than Canadian hands in Canada. Our position is that to date there is nothing to show where that has been exercised against the best interests of the country.

**Senator McElman:** Perhaps, Mr. Chairman, we can move on to another subject.

**The Chairman:** Are there any supplements?

**Mr. Fortier:** Maybe it is more of a comment than a question, but I can't resist putting it anyway.

This dichotomy which Mr. Delaney has made between his personal views and the corporate views of CFTO and Baton, I find difficult to see. Did you really mean what I understood you to say, Mr. Delaney, that personally you were concerned but since CFTO had not yet been adversely affected, you were not going to express that concern in the name of the company?

**Mr. Delaney:** Well, I think you have to appreciate that sometimes an individual can be concerned about a state of affairs that will eventually develop. Corporately, and as vice-president of CFTO, the concerns that are stated are not visible today. So my answer was that if all advertising agencies in Canada were owned by American parent companies, could be terribly discouraged by that as private citizen. The effects of what you have talked about ten years from now is not a growing problem to CFTO today, so I answered it in that way.

**Mr. Fortier:** It strikes me as being a clear expressed double standard which upsets me. Does Mr. Goodman agree?

**Mr. Goodman:** I don't think, Mr. Fortier, that it was expressing a double standard. As he was saying, that he is looking forward in the future, and personally he can see some concern of an industry falling completely in American hands, but that the company to date hasn't had any adverse experience from it, nor have they seen that growing power exercised against the best interest of the country to date.

**Mr. Fortier:** Surely Baton Broadcasting is a company which makes projections, which



looks ahead; and in looking ahead, is this the view of the individuals who are controlling the company today, that they are personally concerned as Canadians but not corporately concerned?

**Mr. Nichols:** Well, perhaps if we could get your question in perspective. I presume you are asking if we are corporately concerned from a business point of view?

**Mr. Fortier:** I would hope that your corporate concern would express the views of the officers of the company as individuals also. No, either you are dealing with a good corporate citizen or you are dealing with good individual citizens.

**The Chairman:** Mr. Nichols?

**Mr. Nichols:** Well, I am still trying to get his question into its proper perspective.

The question came out originally, if I understood it: are we experiencing any diverse effect as a corporation by the growth that has occurred in the last few years?

**Mr. Fortier:** Yes.

**Mr. Nichols:** And my answer to that is no. Therefore we don't foresee that we will.

**Mr. Fortier:** That view was expressed by Mr. Delaney, as a Canadian citizen, he was concerned; and he went on a step ahead and said that, corporately, he didn't think it would disturb you ten years from now. And I wonder to what extent you could accept—well, what I referred to as a double standard?

**Mr. Goodman:** That is quite unfair, Mr. Fortier. There is no double standard. Our position is very simple; that the company has no evidence to back its concern but that's...

**Mr. Fortier:** That is quite clear.

**Mr. Goodman:** ...no evidence to back its concern. Our concern is based upon inherent dangers. I would say, speaking for the directors, that all of the directors view this type of growth with concern. Therefore I suppose you would translate that into a corporate concern, you want to put it that way, but it is a corporate concern, based not upon any business evidence that the company has, but upon the views of the directors and management of the company.

**Mr. Fortier:** But as an economic nationalist, use your own words, are you not translating

this personal concern into a corporate concern?

**The Chairman:** Well, I think in fairness that the witness has just indicated that he is.

**Mr. Goodman:** There is nothing that CFTO at this stage of the game can do about it. But there is something that these people around the table can do about it right now. We are making our contribution through our type of programming.

**Mr. Fortier:** Well, that was going to be my next question. Are you suggesting that anything be done by this Committee about this concern?

**The Chairman:** I was going to put that question as well and then perhaps we could phase out this part of the discussion.

You say you are an economic nationalist and I know you so to be, and I respect you for it.

Again I am expressing a personal opinion, but as an economic nationalist you must surely have some concern that an industry which subsidizes—perhaps that is the wrong verb—but it is responsible for about one-third of the revenue of the media in this country, is gradually, gradually becoming an American industry. The fact that you happen to be personally involved in the media must make it of even greater concern, so the question is, is there anything that this Committee should be thinking about in this area?

**Mr. Nichols:** The advertising dollars that are spent are not the advertising dollars of the agency but the advertising dollars of the advertisers themselves.

The national advertisers—as you well know, most of those companies are already American-controlled.

**Mr. Goodman:** If you fellows want to shut the barn door after the horses are already gone.

**Senator Prowse:** But we can keep the colts in.

**The Chairman:** Well, with respect, while the horses are still leaving.

**Mr. Goodman:** That's right. You may catch some of the horses that are still there; that's right.

My suggestion is—and Mr. Nichols has put his finger right on it—many industries are

interrelated, and with respect, this Committee can't formulate a policy or make recommendations that doesn't take into consideration the whole of the economy; if anything is going to be done, it must be done with an overall policy for the whole country.

And as Mr. Nichols points out, they are only agents—they are agencies and they are agents for commercial corporations and therefore the policy is basically that of all people who advertise, and you have to look at it in that context.

My submission is therefore that you are considering all industries, you are considering the whole of the economy, and just to say, "Well, the fellow who is actually putting the money down—and who does have some effect" is not going to get at the nub of the situation at all.

And—well, that is my suggestion.

**The Chairman:** Well, Mr. Nichols, when you say they are only agents, they are agents with a pretty profound influence?

**Mr. Nichols:** Certainly. There is no question about the fact that they have a profound influence. But I suggest to you that the person who is spending the advertising dollars has a very profound influence as well.

**The Chairman:** I have said many times that this is not a committee on advertising so perhaps we could terminate the discussion. I was simply going to ask you, is it not true that while the client may very often vary the creative approach, he seldom changes the media list, does he?

**Mr. Delaney:** Well, we are in the fortunate position in Toronto that if there is a national campaign that is going to go anywhere in Canada at all, we are number one on the list.

**The Chairman:** Well, that's fine. I think we are perhaps getting into a fairly detailed aspect of a matter that we should perhaps turn away from.

**Senator Prowse:** My supplementary question was this. What percentage of your advertising spots come from not just these American agencies but are American-oriented and then repeated in Canada specifically?

**The Chairman:** Mr. Delaney could answer this question.

**Senator Prowse:** Fine. Mr. Delaney, what I have in mind is this. For years I would read

Pontiac ads and they would talk about "wide-track Pontiacs" when the fact is that with a General Motors car—now, this may not be true today because I haven't checked—but right up until very recently Chevrolets, Pontiacs, the small Buick and the small Oldsmobile all had precisely the same chassis. When you were taking about a "wide-track Pontiac" in Canada you would be in effect dishonest.

Now, how much of your advertising on commercials is American, produced in the United States for Americans, and is just shoved over to Canadians without any relationship at all as to whether or not the product may or may not be the same?

**Mr. Delaney:** Less and less, Senator. I wish I could give you statistics, but I am sure ACTRA and other groups will be able to. The Canadian approach to advertising is a thing that more and more American companies are recognizing every day, and where you used to see the great drop shipment of American commercials clearing customs for Canadian release, it is certainly on the decline.

We have a problem where advertisers have to approach a French market, so that, in itself, creates the situation where they must do commercials in Canada. If they are going to do commercials in Canada, they are going to set up a production session because they must go French; then they have already created the standard for producing in Canada.

And the American commercials that we have seen, even up to two or three years ago is on the decline. The commercial production companies certainly are on the increase. We own a commercial production company. We do car commercials for three out of the four each and every year. Five years ago we never did any.

**Senator Prowse:** In other words, the Americans are coming to Canada to have their commercials done?

**Mr. Delaney:** Certainly.

**Senator Prowse:** This is the trend?

**Mr. Delaney:** Certainly in the automotive field it is.

**Senator Prowse:** Now, is that because it cheaper to get them done here?

**Mr. Delaney:** Well, I think there is a definite Canadian approach to a commercial. I don't think you can take a commercial that

not with the deep South in mind or the West Coast, and have the references to travelling across the Rockies to Vancouver, seeing the furtrimes or the torture tests on automobiles in rugged Northern Ontario. You can't capture any of this if you are just going to take a carbon copy of an American commercial. I think media and the creative departments of agencies have done an extraordinary job in getting this across to the principals.

On the other hand, Senator, you might find it of interest that we are seeing an interest in our own company by Americans coming to Canada to produce commercials for consumption in the United States. I could give you a long list of them.

**Senator Prowse:** Is that because the Canadian accent would be generally accepted throughout the States?

**Mr. Delaney:** Generally accepted and in many cases...

**The Chairman:** Can you give us some examples of that?

**Mr. Delaney:** We have done banking institutions in Detroit; we have done breweries in New York. We have done cosmetics in the United States; and wine. And I could go on.

**The Chairman:** Why would they come to you?

**Mr. Delaney:** Well, I should explain. We have a sales office in New York selling commercial productions. We have three people there employed day in and day out with no other purpose but to sell commercial productions. And these commercials in many, many cases are never ever seen in this country.

**Senator McElman:** Is it cheaper to do them in Canada than the U.S.?

**Mr. Delaney:** It isn't cheaper but what there is until time runs out, or the industry corrects itself, at the present time there are four facilities in Canada and there is a lack of colour facilities in New York.

Now, I am dealing specifically with videotape. We have many millions of dollars' worth of video tape equipment that is second to none on this continent, and we find that the people come to us because of those facilities.

Now, when the supply catches up in the United States and the plants become equivalent to ours, you may see a trend back; I

don't know. The large production centres in New York and on the Coast are being used to produce programs for the network; so that if you were a large manufacturer and you wanted coloured tape facilities, Toronto just stands out like a beacon. That is obviously the reason why we established a New York sales office nearly a year ago.

**Mr. Nichols:** I might add that Mr. Delaney is being a little modest on this. We think that we have some of the finest production facilities in North America, and we think we attract them for that reason as well.

**Senator Prowse:** To repeat a question I mentioned a moment ago, but which I think has got lost in the shuffle, is one of the reasons they would like Canadian commercials due to the fact that we don't have the regional accent in speaking the English language in Canada that you find in the United States?

**Mr. Nichols:** Well, what about Newfoundland?

**Mr. Delaney:** Senator, I think that is obviously a very good reason. Our accents are not that different. But many times you will find people bringing in American talent to do commercials, but still facilities are being used in Canada.

**The Chairman:** Well, may I say that this is a very interesting and very worthwhile discussion but I think we are probably discussing matters outside of the terms of reference of this Committee.

**Senator McElman:** Mr. Chairman, there is one further point here which I think should be injected. This Committee has information, Mr. Delaney, that in some products with North American advertisers based in the United States, where the message can be the same—I am thinking of the larger soap and detergent manufacturers—that they are in fact repatriating all of their origination and placement of advertising to the United States.

**Mr. Delaney:** Well, I can give you an example, and I think one of the largest manufacturers to prove that example, is Lever Brothers. Lever Brothers and certainly Colgate, in Toronto, produce, I would say conservatively, 40 Canadian commercials each per year.

**Senator McElman:** Then you haven't seen this trend in your organization?

**Mr. Delaney:** No.



**The Chairman:** Isn't it true that the marketing function of Procter and Gamble has been substantially repatriated in the United States?

**Mr. Delaney:** Well, this might be but we haven't done a P. and G. commercial since Christmas, but we certainly have done P. and G. commercials at our plant.

**The Chairman:** Well, isn't Quaker Oats a good example of what Senator McElman is talking about?

**Mr. Delaney:** Well, you can always pick, I guess, an example of one that is going back but I could give you one that is coming forward.

We have examples now of plants that have opened up in Canada which were American-owned companies who are now producing commercials in Canada. Certainly our reps selling air time in New York bemoan the fact that their business is down in New York City because these clients are moving to Canada and placing their time through Canadian agencies.

**The Chairman:** Well, I think we have dealt with this at great length.

Senator McElman, do you have any other questions?

**Senator McElman:** Yes, Mr. Chairman. Mr. Goodman, something much more current. Could you tell us why specifically Mr. Bassett has taken CFTO out of the Canadian Association of Broadcasters?

**Mr. Goodman:** Well, Senator, that question catches me completely by surprise! As I indicated when I commenced with my few rambling remarks, we feel strongly the obligation to contribute to a Canadian identity; and therefore we feel that the objectives of the regulations as enunciated are objectives that we are in accord with.

The position of the CAB appears to be a negative position and was not a constructive position in what is a most important matter facing the broadcasting industry at the present time. While we are associated with the representations that are being made by CTV, and do not believe that the regulations should be accepted holus-bolus and require considerable modification, we feel that it is an incumbent obligation of broadcasters to try and assist the Board in reaching this objective.

It appeared to Mr. Bassett that that wasn't what was being done by the CAB and that on the contrary, they are being more negative in their approach, and not constructive. He felt strongly enough about it to resign from the CAB notwithstanding the fact that he is associated with the CTV representations.

That was the long and the short of it. There was no movement before or anything else. It all flowed out of the representations that were being made and our disagreement with the approach that was being taken by the CAB in front of the CRTC.

**The Chairman:** Were you at those hearings?

**Mr. Goodman:** No. We left the day before. We had been there but we did leave the day before.

Mr. Nichols was at that hearing, and the were reported very fully in the press, and my understanding is that Mr. Bassett made his investigation, read the press and picked up the telephone. There wasn't a board meeting called.

**The Chairman:** Senator McElman?

**Senator McElman:** And you wouldn't be surprised if I were not surprised by your last comment?

**Mr. Goodman:** No.

**Senator McElman:** Then I take it that wasn't just a matter of the type of approach or presentation that CAB made, but the principles involved as well?

**Mr. Goodman:** That's right. And I think that the type of approach certainly had some effect as it affected the principles. I think it is a question of both but, you know, basically we feel that the obligations of the broadcasting industry are to propose alternatives. We didn't feel that any alternatives were coming through that presentation.

I think that probably puts it better than did before. We are looking for constructive alternatives. We were prepared, through CTV, to suggest constructive alternatives and we didn't find those constructive alternatives coming through, and we felt that that was really detrimental to broadcasting.

I mean, if we wanted to have an effect upon the CRTC and we want some change some amendments and some modification and we didn't feel that the representations that were being made were going to achieve

that, and they weren't assisting what we thought were the proper aims of the broadcasters—and Mr. Bassett resigned.

**Senator McElman:** Now, CAB is accepted I suppose, one might say, as the voice of broadcasters in Canada and CFTO is the largest of those broadcasters in Canada today. Would you foresee that CFTO would stay outside of CAB or that it will endeavour to change its approach so that it can again join CAB?

**Mr. Goodman:** Well, we won't change our approach.

**Senator McElman:** Well, what about CAB?

**Mr. Goodman:** Well, I don't know, but we really,—don't forget there are many divergent interests in CAB. There is the public broadcasters, the private broadcasters; there is the private, private broadcaster; there is the private, public broadcaster; there is radio, and the various forms that radio takes, and we really feel that to speak with any cohesion, our views are much better presented through CTV discussions. What comes out of CTV, really represents certainly the private segment of Canadian television much better than using the CAB.

I think that is a fair statement.

**The Chairman:** Well, CTV remains as a member of CAB, does it not?

**Mr. Goodman:** That is my understanding.

**The Chairman:** Well, if three of the most significant members of the board of directors...

**Mr. Goodman:** Well, let me make one thing clear. CTV has a vote and Moose Jaw has the same vote, and it would require a majority of the board.

**Mr. Delaney:** Correction; Regina.

**Mr. Goodman:** Regina.

**The Chairman:** What was the CAB's response, Mr. Goodman, to your resignation?

**Mr. Goodman:** They viewed it with regret.

**The Chairman:** Have they asked you to reconsider your position?

**Mr. Goodman:** Well, I don't think there has been any meeting yet. Mr. McGregor, who is incidentally also a director of CTV, is president of CAB, and he expressed the hope that

he could meet with Mr. Bassett and Mr. Griffiths but that discussion hasn't taken place.

**The Chairman:** Well, perhaps I should put this question to Mr. Delaney. As I understand it, you received franchise recognition from the CAB; is that correct?

**Mr. Delaney:** Well, we do, but I should also draw to your attention the company policy that our president enunciated shortly after we went into business. People do not need CAB enfranchisement to buy time on CFTO. We do a great number of dollars' worth of business with people who are not so enfranchised.

**The Chairman:** And pay them the 15% commission?

**Mr. Delaney:** No, because in many cases they don't go through an advertising agency, and if they went through an agency that was enfranchised—now, we have to break that down into three groups, if I may?

**The Chairman:** By all means.

**Mr. Delaney:** People who place business direct, not through an agency; people who place business through an agency that is not so enfranchised and people that place business through an agency that is enfranchised. We will take business from any of the three sources. We are the criteria as to whether they should or should not advertise on CFTO.

**The Chairman:** And as to whether or not you pay that 15% commission is a decision that you make on an ad hoc basis?

**Mr. Delaney:** Yes.

**The Chairman:** Mr. Fortier?

**Mr. Fortier:** There was a meeting of the CAB of course, not this last weekend but the previous weekend, where the presentation to the CRTC, so we are informed, was gone into in great depth. Certainly the attitude of the CAB to the CRTC proposals was made very clear to that closed meeting, again, so we are informed, of the CAB that weekend. Why is it that CFTO resigned after the CAB people got raked over the coals by the CRTC and not before? Was it as a direct result of the CRTC reaction to the CAB presentation?

**The Chairman:** Well, Mr. Fortier, Mr. Nichols and Mr. Delaney both jumped to their feet at that one. Which one would you like to put the question to?

**Mr. Goodman:** Well, Mr. Chairman, to both of them, but before that I will say—no, they can go ahead.

**Mr. Delaney:** I will start if off and then pass it over to Mr. Nichols because he was in Ottawa and I was not.

**The Chairman:** Mr. Delaney?

**Mr. Delaney:** For a period of two weeks prior to the CAB annual convention, which as you gentlemen know was moved from the Maritimes to Ottawa, CFTO was involved in two licence renewals. One, our participation in CTV network's renewal and two, CFTO was coming up for its first licence renewal since our inception.

Needless to say we had a considerable amount of money and time invested in presentations, so we stayed—Mr. Nichols and I and Mr. Bassett stayed in Toronto and worked around the clock on these presentations. We had a representative go to CAB. That representative at CAB did not vote in favour of the action that CAB was going to take.

**Mr. Nichols:** Now, I don't really have anything to add. We were not in attendance at that meeting of voting delegates or was there executive representation from Baton. Furthermore, we had received rough outlines of the CAB brief but they didn't really spell out the approach at that point. It was developed in more detail for the annual meeting. We did not have prior knowledge of the details.

**Mr. Goodman:** One final thing to add to the question. We don't need any brownie points with the CRTC for resigning. We get our brownie points by our broadcasting.

**Senator Prowse:** May I ask a supplementary question?

**The Chairman:** Senator Prowse.

**Senator Prowse:** I think to clear up my own thinking on this matter. As I understand it, your feeling is that you can disagree with what the CRTC does, but that in this disagreement, you recognize that they have a problem and you have a problem, and that if the two of you sit down you could perhaps work it out, and that the CAB's attitude was that they had a problem and to hell with the CRTC; and you don't think that that is a good way to conduct negotiations. Is that a fair statement?

**Mr. Goodman:** That is a fair summary, Senator Prowse. I accept that.

**The Chairman:** Senator McElman?

**Senator McElman:** If CTV remained as a unit within the CAB, I take it you don't foresee your resignation from CTV on that account?

**Mr. Goodman:** No.

**Senator McElman:** You spoke of one vote one member, CTV. It has been suggested that although they are equal, CFTO is perhaps more equal than others in the strength of its representation to CTV on programming and other matters.

**Mr. Goodman:** Well, I have heard that many times. I happen to be solicitor for CTV so I have some knowledge of this matter. I actually prepared the corporate organization or personally prepared it, which kept the situation down to one vote per station. There is no doubt about the fact that Toronto is such an important market and this is always taken into consideration. I mean, this is just a matter of common sense in the matter, no matter what the situation is.

However, I can tell you that there are many, many occasions when we are overruled and the majority does that. Naturally, an important station which is doing well and does a lot of programming has got to be listened to, but there are many occasions when they listen to us and say, "Thanks kindly" and go on their own way.

**The Chairman:** Can you give us an example of this? Purely on minor points, they might happen but on major points, does CFTO ever get overruled?

**Mr. Goodman:** The answer to that is yes.

**Mr. Delaney:** Well, I represent CFTO on the network committee, and I wish I had a nickel for all the times I have said to Mr. Nichols at the end of the meeting: "Well, I guess we can't win them all." But certainly with the network committee where they decide the size and scope of the network service, we have one vote, and there are any number of occasions, representing vast sums of money down to simple matters of policy, where CFTO is just not always voted with.

These stations are autonomous; they have their own vote; they have their own view and certainly their own thoughts. And by



means, their own ambitions. We don't always win at CTV.

**The Chairman:** Do you win more than you lose?

**Mr. Goodman:** Yes, because we are right more than we are wrong.

**Mr. Delaney:** Well, we probably win more than we lose, yes.

**The Chairman:** Senator McElman?

**Senator McElman:** Well, in programming, you are the great contributor to CTV network programming, are you not?

**Mr. Delaney:** Let me say this, Senator. We are the great facility of CTV where you find housed 21 studio cameras, 12 video tape machines and three coloured mobiles; where you have 375 people permanently on staff, and where you don't find production emanating from Texas in the United States, you don't find large amounts of production emanating from Regina in the West. The production centre for CTV is Toronto, where the talent body lies, where the facility is available to the network.

**Senator McElman:** In this sense alone, then, would it be an accurate assumption that the influence of CFTO on the type, the calibre and the character of broadcasting would be very substantial?

**Mr. Delaney:** I should point out to the Committee that the network has its own project chief, the network has its own president, and the network has its point of view. As frequently as not, we will have a difference of opinion over how something should be produced, or over where it should be produced, but we do have the facility, and for that I guess we can't apologize. The facility happens to be there and it is a vast facility, and the network is able to take advantage of this.

**Mr. Nichols:** I was just going to say that it might assist you in this matter, as well, if you could have some understanding of how both the network committee and the network's board of directors works in this matter. In the area of programming, usually at the early part of each year, the various stations bring the programming to the network committee, the programs that they have piloted for placement on the network. They are presented, they are shown, and they are voted on and each station has one vote in that matter.

The programming that gets on the network, whether it comes from us or comes from somebody else, gets there on its merit, on its appeal to the majority of the members of the network committee and to the members of the board of directors.

**Mr. Goodman:** Just to refine that, Senator, may I explain to you that there are two types of programs. There is network sales time and station sales time; that is, the network sales time are those programs where the network goes out and sells and the stations have no opportunity to sell even if the network can't sell it. The others are programs produced by the network or purchased by the network, either one, where the selling is done by the station and the revenue remains with the station.

Now, the programming committee has the final say on the program sales time, but the president of the network has the final say on the network sales time; that is even over the programming committee. Naturally, he receives a recommendation which he usually follows, but he has to sell that and he has insisted, and properly so, that if he is going to be responsible for bringing in the revenue that he is just not going to be sort of the agent of the stations. So Mr. Chercover and his advisers are a very big factor.

Well, I suppose we have a substantial influence like several other stations have a substantial influence, but we certainly don't have a dominating influence by any manner or means.

**The Chairman:** Well, you say you don't have a dominating influence but could CTV survive if CFTO left the network?

**Mr. Goodman:** Well, I don't think the network could survive without a Toronto station.

**The Chairman:** Well, there you are, so you must have a powerful position. You are a very, very significant factor.

**Mr. Goodman:** Of course we are a significant factor and Montreal is a significant factor and Ottawa is a significant factor as well. We say we are significant and substantially so, but what we say is it isn't factual that we dominate that network by any manner or means.

**Senator McElman:** Mr. Chercover and his staff are Toronto based?

**Mr. Goodman:** The network is Toronto based, yes.

**Senator McElman:** One hears, I believe you could call it a criticism, that the network programming is too Toronto oriented.

Now, I appreciate the fact of you being in Toronto, but do you believe it is a valid criticism?

**Mr. Goodman:** No. You say "Toronto oriented". If you mean that its programs are enjoyed in Toronto and not enjoyed in New Brunswick, the answer to that is no.

**Senator McElman:** I wasn't speaking for New Brunswick.

**Mr. Goodman:** Well, I didn't really mean that, Senator, I was speaking about the Maritimes then. If that is the case, the answer is no.

We believe that the ratings of the network across the country establish that the programs are acceptable right across the country. The very system that we set up, you know, where these programs... Well, for example, the fact that the stations in Halifax and St. John's have a vote on these programmes is a protection that we enjoy to make certain that they are acceptable to the rest of the country. Mr. Delaney knows more about this than I do, but I know of no instance, and I have been in on many of these discussions, where they have taken positions that it wasn't possible for them to accept those programs and the fact that they might be forced down their throats.

I have never seen this, but maybe Mr. Delaney could speak to this.

**Mr. Delaney:** There is probably very good reason why CTV's sales office and corporate offices are located in Toronto. The Mecca of the advertising community for Canada is settled in Toronto, so the network has its pulse right on it; they frequently meet with media directors of all of the Toronto based agencies on the feeling out of a pilot project, to get an advertising agency response which is not uncommon—even all three American networks do it—before you go into a pilot stage.

The network is obviously interested in programs that will rate in Toronto because if they rate in Toronto they will sell on the network. We are a selling network because we don't have obviously the same subsidies from the public fund. We have to make these

sell and we have to make them rate and the population concentration is within the coverage of CFTO.

A program that may rate favourably in Newfoundland and die in Toronto won't make economic sense for very long on CTV.

**Senator McElman:** You spoke of the ratings, Mr. Goodman. In relative terms, how do your ratings bear up?

**The Chairman:** Well, I am going to suggest that that be the first question after the break. Mr. Goodman can be thinking about the answer and you can finish that just after the break. It is now 11.25. I would like to adjourn, in fairness to the reporter, for five minutes.

I didn't mean to cut you off, Senator McElman, but we can complete the question and you Mr. Goodman could be thinking about the answer during our intermission.

**Mr. Goodman:** Well, I just didn't get the last three words of Senator McElman's question.

**Senator McElman:** Are your ratings for CTV-produced programs higher in the Metro Toronto area in competition with CBC or whatever than they are in other parts of the country? Do the ratings slide off in certain areas of the country?

**Mr. Goodman:** I understand.

**The Chairman:** We will reconvene in five minutes.

Short adjournment.

**The Chairman:** Honourable Senators, if I may call the session back to order. The Senators might be mindful of the fact that it is now 11.40, and in approximately one hour Mr. Goodman is going to leave as he has to catch a plane, but Mr. Nichols and Mr. Delaney can stay on until 1 o'clock.

Senator McElman, I interrupted you before the break so would you please carry on.

**Senator McElman:** Well, the question was put.

**Mr. Goodman:** Well, I had the opportunity of speaking to Mr. Delaney to assist me in this. You see, figures aren't too meaningful in this matter Senator, because when you recognize that the three million people within our listening contour look at 6 stations. Obviously the percentage of the audience that is going



to be viewing CFTO is going to be less than the percentage of the audience that is going to be viewing in a 2 station market. So I could simply answer by saying, in most places, there is a higher percentage watching other stations than they are the Toronto one, but that also would be misleading to you.

I think it is fair to say that it varies from program to program. Sometimes they are more appealing and do better in Toronto and sometimes they do better in the West or in the Maritimes. You just can't look at the figures and draw any conclusions because you have to relate those figures—you have to sort of see all the ratings in front of you and see what the various stations in the market are doing in order to draw a proper inference. Without being able to see a series of programs and what percentage of comparative programs they get, you can't draw anything that is meaningful.

If the Committee were interested in this, my suggestion is they should try and get these ratings or get them filed by the network and then look at them that way because you have to do it on a comparable basis.

**Senator McElman:** Well, surely with the methods available today, you must have some idea, Mr. Delaney and Mr. Goodman, of how a specific type of programming of network origination is received in the Metro markets as related to Western and Eastern?

**Mr. Goodman:** Well, I didn't mean to suggest that we can't tell.

**Senator McElman:** How do they bear up?

**Mr. Goodman:** I say that it varies program to program. Sometimes they are better received in Toronto and sometimes they are better received outside.

**Senator McElman:** In general terms how do they bear up?

**Senator Prowse:** Take an average.

**Mr. Delaney:** If we can get away from the problem of using Toronto as a barometer, naturally we are more familiar with that because that is where we live and work and earn our living.

A program that rates in Toronto in the main will rate on our network with the station that carries it. What Mr. Goodman was trying to draw to your attention, and I am sure he has done that successfully, is to point out that a show may get 100,000 homes on

CFTO and be a poor performer. It may be last or second last in its time period and any number of our affiliates would be delighted if they could get that kind of performance. They simply just don't get 100,000 homes.

CFTO is the number one rated station in Toronto. I am not using that as a shell but merely to point out something that is germane to the discussion.

For the last two years, constantly, 7 days a week, any survey you want to use, any month of the year you want to use, we stand out and are the number one station overall, and I even include the 3 Buffalo stations that show in Toronto—CFTO is the number one station, viewed by more homes and viewed by more viewers.

"Pig and Whistle", if I can now localize, happens also to be number one in every one of the time periods that the CTV stations carry clean right across the West and to the Maritimes. Is that the kind of information you want, Senator?

**Senator McElman:** I guess so.

**The Chairman:** Mr. Fortier?

**Mr. Fortier:** I think it is supplementary—I am not entirely certain but I will try it anyway.

One aspect, Mr. Chairman, of television broadcasting which we have not discussed yet, and this may be a good time to discuss it, is the advantages for a giant amongst independent stations such as CFTO—the advantages of belonging to a network. I wonder if Mr. Goodman could expand on the advantages—the obvious ones and the not so obvious ones?

**Mr. Goodman:** Well, the obvious one is—CFTO presented a brief to the CRTC on the question of dual ownership in CTV when this was the point in question and the submission I made at that time—

**Mr. Fortier:** That was in Vancouver last fall?

**Mr. Goodman:** That's right. Our position is that we are in competition basically with the CBC and with the American networks. Therefore it becomes essential to get excellence in programming. After all, that is the name of the game, to get the best type of program in every field and that requires resources.

And our basic position is—and this was a position that we were joined in by the



Ottawa station—our basic position was that there should be some growth allowed and encouraged in order that there could be sufficient resources to enable monies to be spent on programs that aren't going to work out perhaps; or monies to be spent on programs that would allow them to compete with the United States; allow them to sell abroad; allow them to extend Canada's image abroad. That required resources and therefore that required bigness to some extent.

We think that that is a very valid position just based upon that one set of facts.

**Mr. Fortier:** Wouldn't that growth, that diversification get a station such as CFTO away from a principle which you expanded upon in your preliminary remarks—that is this opportunity of pinning the responsibility in the community where the station owner lives?

**Mr. Goodman:** No, not at all, because we are not suggesting—let us put it that way. Our interest is Southern Ontario and we believe in regional growth. Therefore, for example, we had an application that fell by the wayside in Wingham and another application was Windsor and all of this was in an area which was to some extent homogeneous and where you could do just that. We haven't attempted to have a station in Vancouver or in Nova Scotia or any place else.

**Mr. Fortier:** You say you wouldn't?

**Mr. Goodman:** Certainly under our present policy the answer is no. We believe that we should try and stay within a region where personal influence and supervision can be given.

I am not saying things won't change but that is a firm policy at the present time.

**The Chairman:** Senator McElman?

**Senator McElman:** You were referring to the criticisms of CFRB and the *Star* that it was unfair for the *Telegram* to be involved with CFTO. Could we get your comments on the hypothesis that there were to be some means of equalizing competition.

Would you prefer to see it equalized by the *Star* getting a television license or by the *Telegram* not being involved with a television license?

**Mr. Goodman:** Well, on the hypothesis that if there was another television channel or more service required—if I understand your

hypothesis—would we feel it would be a better principle for the *Star* to get it than the *Telegram* not to get it?

**Senator McElman:** Yes.

**Mr. Goodman:** Well, we think it would be a better principle for the *Star* to get it. We are not concerned. The point is you have to weigh all the factors. You have to assess and compare what the *Star* is going to be able to contribute on that application to those other people who apply. I mean, there may be other factors. CFRB may have a right to it based upon the question of experience and everything else. I think the CRTC has to take all the facts in question and assess them.

At the time we made our application there were three newspapers involved and in those days the *Globe and Mail* was a conservative newspaper—

**The Chairman:** You mean it is no longer conservative!

**Mr. Goodman:** It certainly isn't and you can have it with my pleasure.

We said at the time that we believe that the importance of news and public affairs was very great and the fact that the *Telegram* was part of this application was beneficial. Now, at the time we made the application there was a radio broadcaster involved, there was a film person involved and I guess that's about it—two radio people involved.

We think it is a question of them settling the application, using all these factors and coming to a conclusion. We think it would be a great mistake to suggest that joint holding per se are wrong.

**Senator McElman:** Well now, if the *Star* was also strongly associated in a strong television station, would they become then much more competitive unit to the *Telegram*—CFTO combination?

**Mr. Goodman:** Only to the extent that it might prove the quality of the *Star*, but other than that we say no. It is just a question of excellence. We don't think that the joint use of the two in itself is important—only to the extent it increases the way that it is used and the type of broadcasting that you get out of it.

**Senator McElman:** You don't see then any distinct advantages flowing from such an association in the day-to-day operation?

**Mr. Goodman:** Well, as I say, there are certain advantages. They have the knowledge of news, the use of news and the expertise. All of this is very important, but we don't think that there are competitive advantages, no.

**The Chairman:** Well now, are we talking at this point of the television advantage or the newspaper advantage or are we talking about both?

**Mr. Goodman:** Well, I am talking about television primarily.

**The Chairman:** The FCC is considering a regulation—and as I understand it it would be some years before the regulation becomes a reality, if it ever does—which would, as I understand it, preclude this kind of cross media ownership.

If there was such a regulation in Canada and Mr. Bassett had a choice of owning his television station or his newspaper, which would he prefer to own?

**Mr. Goodman:** That is really one question I don't feel qualified to answer and I just can't answer that question.

**The Chairman:** I think Senator McElman put this question to you, but would you prefer to see the *Star*—assuming for the moment, for the purposes of the discussion only, that we concede Mr. Honderich's point—would you prefer to see the *Star* with a television license or would you prefer to see the *Telegram* without its television license?

**Mr. Goodman:** That question I answered. I would prefer to see the *Star* with a television license.

**The Chairman:** This may not be a question which you feel you can answer, but I think it is one that you should take a run at in view of a lot of the comments you have made here this morning. How has the *Telegram* improved since the advent of CFTO? You said that there was a great advantage in cross-media ownership and I think you said that they would have a lot to learn from broadcasters, particularly when it comes to entertaining. Is the *Telegram* a more entertaining newspaper since the advent of CFTO?

**Mr. Goodman:** Well, I think I can have a run at that one, but once again it is only a layman's run.

I think there are more advantages that flow the other way. More advantages flow to

broadcasters from newspapers than to newspapers from broadcasters. There are several reasons.

First of all I believe that newspaper people are more courageous than broadcasters and I believe that the importance of news and public affairs on television is more important than entertainment in newspapers.

On the other hand, you see things like the "After Four" section of the *Telegram*—the *Telegram* used to advertise itself as being the liveliest newspaper at one stage in the game—the idea of life and the young people and that whole aspect, and I think there is some flow from broadcasting into newspapers.

**The Chairman:** Is the *Telegram* a more entertaining newspaper than the *Globe and Mail*?

**Mr. Goodman:** Oh, yes. *The Globe and Mail*, what a dreary newspaper!

**Senator Prowse:** They weren't quite that unkind to you.

**The Chairman:** Well, specifically, you used "After Four" as an example of how the *telegram* has become more entertaining?

**Mr. Goodman:** Yes. For young people you know, that is the field in which that they are becoming more entertaining—for more young people.

**The Chairman:** You don't think "After Four" would have happened...

**Mr. Goodman:** I think there is a general development in newspapers that way, so I wouldn't say it was only because they became part of CFTO, but that, nevertheless, is the effect of broadcasting on newspapers, and it becomes more immediate.

For example, I think that other things in broadcasting have affected newspapers. The number of times and the instantaneousness of broadcasting media, of getting out the news by the broadcasting media; how quickly they can cover stories—I think that has had an effect on newspapers.

**The Chairman:** Why wouldn't the existence of CFTO in Toronto make all of the newspapers in Toronto more entertaining?

**Mr. Goodman:** I think it does.

**The Chairman:** Well, you said the *Globe and Mail* isn't an entertaining newspaper.



You don't think it works with the *Globe and Mail*?

**Mr. Goodman:** It just fails to work with the *Globe*, that's all.

**The Chairman:** You have made several references to newspaper people being more courageous than broadcasters.

**Mr. Goodman:** Yes.

**The Chairman:** In your opening oral comments, you made the point that this is because broadcasting is a regulated industry.

**Mr. Goodman:** Well, that is not the only reason. As I said there are two reasons.

First of all the traditions of newspapers go back a lot longer. The professionalism of newspaper people goes back a lot longer. They have a history and a tradition to rely upon and I believe that that has an effect upon your traditions.

And secondly, I said on the other side of the coin is the fact that it is a regulated industry.

**The Chairman:** You made the point that you were not trying to build up Brownie points with the CRTC. At the same time you did say they were a competent board and that this was an objective appraisal because of the two applications which have been turned down. Yet Mr. Bassett, who presumably has this background as a courageous newspaper person, and I say that with respect,—yet with his background in the newspaper business, with the comments that you have made about the kind of board that the CRTC is—competent and so on; yet we have Mr. Bassett saying before the CRTC last week that he won't editorialize on his stations.

**Mr. Goodman:** That's right. Would you like me to answer that further?

**The Chairman:** Yes.

**Mr. Goodman:** Well, I believe this is a field that you could come down with some difficulty. You could come down in two ways in this field. Frankly I feel that when you come to an important public problem, that a better contribution can be made by presenting both sides, the factual knowledge of both sides of important public questions, than by merely coming out with the view of a station because I think there are certain inherent dangers.

There are certain inherent dangers in a system where right across the country the

government is licensing a group of broadcasting stations and then these stations themselves are going to editorialize. This puts a tremendous instrument in the hands of any government, that I think should be of some concern, not on the basis of the fear of an individual station owner but the fear of government having at its hand a method of getting support from a vast body of media.

Furthermore, the second concern is that it is more important that the public be informed and then come up with their own conclusions. I think that there can be courage shown by broadcasters by making certain that when there are certain problems for which there may be vast public support that there can be certain arguments that must be raised which would go the other way.

They could present these arguments, they could present the facts about these arguments and therefore influence public opinion in that manner, rather than by merely putting their own imprimatur upon one particular side.

I think that they can provide a great service by making certain that all the facts on any problem are known.

For example, I will give you an example of a benefit—one that you and I were in a situation together. I am not sure whether it was in 1965 or 1968—'65 I think. The CBC, when the election was announced, put the Prime Minister on but wouldn't put the Leader of the Opposition on, but the private network immediately put the Leader of the Opposition on and forced the CBC to change its policy. Now, this is the sort of thing that broadcasters can do. This was immediately after the election was announced—I am not sure which election it was but it was one of those two elections.

Now that, I think, shows the benefits of being able to have two sides presented on an occasion when perhaps just the government side is presented.

**The Chairman:** Would you like to ask any supplementaries, Senator Prowse?

**Senator Prowse:** Yes, Mr. Chairman.

How do you get the two sides presented?

**Mr. Goodman:** Well, you look for people who are knowledgeable on any given question and on most public issues there usually are two intelligent and objective positions which can be taken on most public problems. Nothing is ever black or white and therefore try to



find a proponent, a knowledgeable proponent of any side of an issue and make sure it has an opportunity to be heard on any public affairs program.

**Senator Prowse:** Well, I have a feeling that there is no such thing as an objective person.

**Mr. Goodman:** Well, I think you are probably right. However, some people are more objective than others.

**Senator Prowse:** However, when we come down to it, everybody has a bias somewhere.

**Mr. Goodman:** That's right; I agree with that.

**Senator Prowse:** So the person selecting your news and selecting the people that go on—you may give them an appearance of objectivity but you can't really give them the reality of objectivity. Is that fair enough?

**Mr. Goodman:** No, I can't quite accept that, Senator. You can look for someone who is accepted as being a knowledgeable person of a definite viewpoint, and if you search for the two most knowledgeable people of differing viewpoints, you have done all that a broadcaster can do.

**Senator Prowse:** Well, if I am going to check two people and I am going to be objective, I am going to pick people that I think can give two viewpoints, and I may miss a third person who has a right to a viewpoint.

**Mr. Goodman:** Well, one thing I am certain of and that is there will always be human error.

**Senator Prowse:** That's right. Now, don't you think that the public might be better served in getting this diversity of opinion if you clearly stated what your bias was?

I was very impressed when John Bassett appeared before this Committee talking about the *Telegram*. He said that the name of the game was responsibility and I am a little surprised that it doesn't carry over now into this broadcasting area which is perhaps even more important.

Now, you state your system, you state your attitude, and then if we had an equal time rule or a right of rebuttal rule like they have in the United States so that somebody who feels that they have been unfairly dealt with have a right to equal time, do you feel that that would give perhaps a better guarantee to the public getting the diverse ideas than to

leave the whole thing to the decision of even the most well-intentioned unobjective human being?

**Mr. Goodman:** Well, Senator, I think you have a very valid point. If it was not for my concern over the possible misuse because of the licensing power, I would agree with you completely.

**Senator Prowse:** Are you saying that the reason you are not going to express an opinion is because you are afraid that the licensing people might disagree with you?

**Mr. Goodman:** No, not at all. My fear was that at some stage—and it isn't now in Canada—but at some stage governments can use their licensing powers to get over ideas that are not in the public welfare.

Now for example we have seen that in other countries and we have seen that during elections in Europe where broadcasting systems are used for the benefit of the government in power.

Now, other than that concern I agree with you. However, I still have that concern.

**Senator Prowse:** It seems to me that you are now using a situation that existed somewhere else at some other time...

**Mr. Goodman:** Right.

**Senator Prowse:** ...as an excuse for not exercising the responsibility you have today. If you believe something and you believe that it is important for the country, surely you have a right and a duty to explain that belief so that people can evaluate it and then leave to the licensing power the single right not to criticize you but to insist that the opposite view shall be given an equal time.

Now, they do this in the United States. I watched it during the election campaign down there in New York City.

**Mr. Goodman:** Well, as I have just finished saying, Senator, I have great sympathy for this position with the exception of the one reservation I have given you about the power it puts in the hands of a government.

But don't forget, using your own reasoning, the choice of the person who is going to rebut you in itself is going to be a subjective decision.

There is always going to be subjective decisions made where people have any control.

**Senator Prowse:** Yes. But if you take an opinion that is opposite and is obviously opposed to the opinion of another person, that party then comes forward.

Now, I think it works pretty well in the United States and I noticed this when I watched the mayoralty election in New York City.

**Mr. Goodman:** I think it does, Senator, and there is much merit in it, but I have the reservations I have given you and I don't think I can assist you any more other than saying I have the one reservation. I can see the benefits of what you are saying but I still have that one serious reservation.

**Senator Prowse:** Well, aren't you denying the public; you are trying to give them mealy-mouthed, uncontroversial...

**Mr. Goodman:** Oh, no. We are prepared to give them the most controversial, sharp-tongued views that can be obtained, but we are simply giving the views of other people. We will give them all the controversy and we do give them all the controversy, and we feel it is absolutely essential that broadcasting does give them all of the controversy. All that we are doing is not giving them our views on the matter.

Now, you way wouldn't the public be better protected if they knew you views? I think there is merit in what you say; but on the other hand, all that I have done is I have weighted the merits of your points against the dangers that I see inherent in the system, and I have come down on the other side—because I am concerned about the dangers.

If there is some way to protect against the dangers then I would have come down on your side of the problem. But don't misunderstand me. We are absolutely prepared to give them the two most controversial views that exist on any given problem, and do.

**Senator Prowse:** Well, let us take "W-5."

**Mr. Goodman:** All right.

**Senator Prowse:** You put people on and you let them...

**Mr. Goodman:** That program is a network program. It is made in our facility but it is a network program.

**Senator Prowse:** Well, they come on and they make their statements and I have yet to see anybody appear on any television pro-

gram where he has been given an opportunity to reply to "W-5".

**The Chairman:** Mr. Nichols, would you like to reply to this?

**Mr. Nichols:** Yes, Mr. Chairman.

**The Chairman:** I will let you comment on this and then I think we should get off of "W-5" because it is a network program.

**Mr. Nichols:** I think there is one important difference between the two mediums. Obviously, the advantage that television has, and I think it is a positive advantage, is to present views of people who are involved in public controversy without bias.

I think, generally speaking, these people discuss matters which get into public controversy in the area of public concern, such as in the area of government, whether it be municipal, provincial or federal, and if you take persons who have been elected, you are really not choosing them that much. They are the spokesmen; you give them an opportunity to be heard; then the people can hear directly from elected representatives on the different points of view. I think this is the positive advantage that television has to offer. There is no interpretation when you put a person on camera in a television station.

**Senator Prowse:** Right, you let somebody on from one party to make a statement and I don't think any member of Parliament—and I am certainly speaking for myself—would make any claims to the possibility of being unbiased. I must be biased.

**Mr. Goodman:** Of course, Senator.

**Senator Prowse:** Every decision I make in my life comes from a philosophical basis or something.

**Mr. Nichols:** Yes.

**Senator Prowse:** Now, you put on a member and you put on a member week after week and you are getting his picture. Now, what provision do you have to explain why he might have that position or give the position to the opposite one he has?

**Mr. Nichols:** Well, I was talking about items that got into public controversy and exposing people to opposing viewpoints and they have approximately the same amount of time. You may have the opinions of the one person followed with an interview with a member of the opposite group.

**The Chairman:** Mr. Nichols, I think you have given a fair answer and you say one of the greatest advantages of television is this, and I concede that. Wouldn't you concede to me that there is an inherent opportunity for bias in the minds of the viewers by such things as camera angles, amount of time and the questions that are asked?

**Mr. Nichols:** Yes.

**Mr. Goodman:** That is a danger that has nothing to do with who owns the television station or who manages it. That has to do with the fellow who is behind the camera.

I can remember so well in 1965 on the final night of the election when the CBC did two stories—they did one message from Mr. Pearson and one message from Mr. Diefenbaker. What they did with Mr. Diefenbaker was a disgrace compared to what they did with Mr. Pearson. The camera angles and everything else.

Now, all I am saying is I don't think Alphonse Ouimet did that. I think that either the producer of that particular programme or the cameraman—likely the producer of that particular programme—was using his bias, and what was Ouimet going to do? It was done and I wrote screaming letters, but you know, it was all over with by that time.

This is something, as Senator Prowse has said, that is going to crop up all the time. People have views and all you can do is try to safeguard yourself to the greatest extent that you can, from any prejudices.

**Senator Prowse:** Well, let us go right back to the example you used. I think that it would be generally agreed that the CBC makes an honest attempt at the executive level to make sure that they don't get accused of bias.

**Mr. Goodman:** Yes, I think they make the attempt.

**Senator Prowse:** Now, I agree that the bias flows because of the particular feeling of maybe a producer or even a cameraman. However, this is the point that I am getting at. This is going to happen and this is where the danger is—not in the licensing authority.

The danger is when you tell the public and try to establish with the public the idea that you are completely objective. The public can be then subjected to completely biased pictures because of the particular bias of a particular cameraman and there is not, at the

moment, any way in which anybody can have a remedy.

Now, what I am getting at is this. Don't you think it would be useful; one, for the station to give an opinion first of all, and two, to provide that where an opinion on any controversial matter is to be subject to criticism from any area of the public, that those who take the opposite attitude ought to be accorded equal time to answer.

**Mr. Goodman:** Let us take the last one first.

**Senator Prowse:** All right.

**Mr. Goodman:** I agree that on any controversial subject there is an obligation on broadcasters to have the opportunity for both points of view to be heard. I think I made that clear.

Now, equal time and equitable time. There may be one view that, for example, that is overwhelmingly supported by the public and one that isn't. I don't think you have got to say that they both should have the same amount of time, but they have to have equitable time.

As far as the other points you made before, my position is still the same. I can see some advantages to it, I can see some disadvantages, and because of it we believe there are certain inherent dangers which we may be wrong on, we come out on the other side.

Obviously, if I am seeing something it is nice to know what the bias behind it is, and that is what you are saying. When I see something being produced I would like to know what the bias is, but even if we do what you suggest, you are still going to have the bias?

Let us suppose that Mr. Bassett said that "I am for the Spadina Expressway" and then along comes the producer and that producer is not for the Spadina Expressway. He is still going to be able to inject his bias into the production of that programme.

**Senator Prowse:** That is the last one.

**Mr. Goodman:** I beg your pardon?

**The Chairman:** That would be his last program.

**Mr. Goodman:** Well, that is pretty difficult to prove.

**Senator Prowse:** Yes, Mr. Bassett said it would be.



**The Chairman:** No, in fairness to Mr. Bassett he was replying to the weekly newspaper editors.

**Mr. Goodman:** Well, that is pretty hard to prove. I think this is a problem that we are always going to be faced with, and all I think our obligation is, is to constantly assess these and try to arrive at an honest answer.

**The Chairman:** Mindful of the fact that Mr. Goodman must soon leave, do any of the Senators have further questions?

I know you have one, Mr. Fortier, and I know I have a couple, so perhaps I will put mine very quickly.

**Senator McElman:** May I have a supplementary on that, Mr. Chairman?

**The Chairman:** Fine.

**Senator McElman:** Mr. Goodman, you have spoken of your concern, your reservations with respect to the system. One of the witnesses we had last week was Countryside Holdings—they have five radio broadcasting holdings in Ontario. They expressed the fear of the CRTC and they said, pretty much in these words I think, that no broadcaster would support or promote an unpopular cause because of the licensing factor.

We moved from that to—I believe it was Bushnell, Mr. Chairman, and we asked Mr. Griffin if he had a similar fear of doing unpopular broadcasting—let's say editorializing—and he said that they would have no fear of the licensing situation in the existing system.

You have used the words "concern" and "reservation." Do you feel that a broadcaster should actually fear the CRTC?

**Mr. Goodman:** No.

**Senator McElman:** In the type of broadcasting he does, as long as he is doing an honest job?

**Mr. Goodman:** No, and I don't think you have to.

Let me make it clear. My reservations had nothing to do with the CRTC. It would be the power that would be in the government's hand to try to get the control. Under the present system, I have absolutely no concern that supporting an unpopular cause would do anything but earn you the commendation of the CRTC. I think that Mr. Juneau and Mr. Boyle would be all for anything that supports

unpopular causes. That is of no concern at all to me.

I think it is a philosophic position that the station has taken, but I don't think that this would cause any problem, and I am absolutely confident that if what we did was a proper, honest job of reporting, and if you do that, you would have no problems whatsoever.

**Senator McElman:** Because of the possibility of misinterpretation of what you said, I thought we should get it clear.

**Mr. Goodman:** I very much appreciate that question because mine was a philosophic approach concerned with powers of government. It had nothing to do with the CRTC at all.

**Senator Prowse:** Your concern is with the possibility that some time in the future, a government might step in to stop you from expressing an opinion?

**Mr. Goodman:** No. My concern is that sometimes a government might step in and try to force a series of ideas on a country through a system of broadcasting.

I don't think that individual situations have any cause for concern at all. I am thinking of some time in the future, you know, that the powers of Parliament might be clipped and there arises in this country a government which is trying to take dictatorial powers. The habit of forcing broadcasters to comment in favour of any particular plan, could be a very dangerous instrument in the hands of government. That is my only reservation. It is a reservation which I feel will probably never happen in Canada. But it might. And on that basis alone I am opposed to it.

**Senator Prowse:** Don't you think that if the public were trained to expect an opinion from a station and an answer to the opinion, that it might be then more difficult for a government to do that, than if the station were walking carefully so that there was no possibility of somebody stepping in?

**Mr. Goodman:** I really don't know, Senator. I am just concerned about that one thing, but I can see advantages to both sides of the coin.

**The Chairman:** I would like to talk for a few minutes about the concentration of media ownership in Canada.

You have mentioned the fact, for example, that you don't think there is a media monopoly in Toronto, and I certainly agree with that.

Do you think there are media monopolies anywhere else in Canada?

**Mr. Goodman:** Well I suppose there are situations in other cities where there isn't the competition that takes place in Toronto.

**The Chairman:** Do you think the fact that there is so much competition in Toronto is in the public interest?

**Mr. Goodman:** Yes, I do.

**The Chairman:** Would you be concerned about situations—without naming one—where a television station or a newspaper had a monopoly situation in Canada?

**Mr. Goodman:** I have a philosophic concern only, rather than a practical concern, yes.

**The Chairman:** You would have a philosophic concern and your practical concern presumably would be judged on merit?

**Mr. Goodman:** That's right.

**The Chairman:** Are you concerned about the increasing concentration of ownership of media generally? For example, of the trend towards newspaper chains?

**Mr. Goodman:** Again, I would say I am not a great expert in this field, but yes I believe it is something that should be considered. You know, to some extent you have to balance the benefits of bigness on one side as opposed to the advantages of individual ownership on the other side, and it is a constant balancing process.

I look with concern upon too much concentration from a point of view—I don't like a system where the main concern of the owners is to make money. I think that making money is a legitimate objective and one that most of us try to achieve. I am concerned however where the primary concern isn't to run a good newspaper.

I think that when we have too much concentration in chains that there could be a lessening of the professionalism in the journalism that is involved.

On the other hand, I suppose there is more efficiency as well. It depends on the type of people you get to be editors on your individual newspapers. They could probably make an argument of the freedom that they give to the individual editor in a chain of newspapers to run his own newspaper and the merit of that individual editor.

All of these things have to be balanced, but I think there is some concern. But above all, I would tell you this. I would be concerned at seeing control of the Canadian newspaper pass out of Canadian hands. That is my major concern.

**The Chairman:** But you would be equally concerned about seeing the control of Canadians newspapers or television stations passing to a single person's hands?

**Mr. Goodman:** Yes.

**The Chairman:** Well, the question I put to you is the same that I have put to many other witnesses, and that is, how much is too much?

**Mr. Goodman:** You can't have any formula.

**The Chairman:** Well, that is very interesting. You feel you cannot have any formula?

**Mr. Goodman:** You can't have any formula. I am a pragmatist. I believe that you have to judge each situation upon its merits and once you try to create a formula I think you are going to get into trouble because there are all sorts of imponderables that arise at a later date.

It sounds attractive to search for a formula, but I think it is very dangerous due to the great injustices that would be done and the public interest would not be served.

**The Chairman:** And yet you said just a few minutes ago in the discussion you were having with Senator Prowse that your concern wasn't now. It was at some stage. Wouldn't you be concerned at some stage if some enterprising newspaper publisher might decide to expand his holdings and ultimately he might own half of the newspapers in Canada, then three-quarters of the newspapers in Canada?

**Mr. Goodman:** Well, I have enough confidence—first of all, I am not concerned about that because I believe there is enough strength in Canada to prevent that from happening. That type of monopoly and concentration, you are not going to see. There are just too many people of ability and capacity in Canada to allow that to happen.

**The Chairman:** Well then perhaps we would return to this question of cross-media ownership in newspapers and television stations.

**Mr. Goodman:** First of all, just let me make one thing clear. You know, you are only get-



ting a very uninformed layman's view on the newspaper business. I must make that clear.

I must say that I have had some interest in politics and I have been able to form an opinion and I have an admiration of the standards of journalism.

**The Chairman:** You are an avid newspaper reader?

**Mr. Goodman:** I sure am.

**Mr. Fortier:** Mr. Goodman likes Conservative newspapers and he doesn't like Liberal papers!

**Mr. Goodman:** As well as the *Telegram* I also read the *Star* and also the *Globe and Mail*.

**Senator Prowse:** There must be some comic relief.

**Mr. Goodman:** I just feel that the standards of journalism in this country by and large are good. I think we have to keep a constant view and we should be striving for more professionalism than we have.

**The Chairman:** You have been very rough on the *Globe and Mail*, I might say.

**Senator Prowse:** You would admit unfairly, wouldn't you?

**The Chairman:** Well, in any event, the question I was going to put to you is this. Are there any disadvantages which accrue to the *Telegram* or its readers because of the joint ownership of CFTO?

**Mr. Nichols:** Absolutely none.

**The Chairman:** None?

**Mr. Nichols:** None.

**The Chairman:** For example, it doesn't matter if the publisher is not able to devote his full time to running a newspaper—he must devote most of his time to running a television station?

**Senator Prowse:** Plus other things.

**Mr. Goodman:** I know, but I want to tell you that he devotes a fair amount of time, and as I said, the time he spends on one is of some importance to another.

For example, if you are finding out what is happening through the newspapers, if you are finding out what is important nationally, internationally and locally, that time spent isn't

wasted insofar as the television station is concerned. We haven't reached the stage, I would hope, in Canada, that we are going to say, either by expressing an opinion or legislatively that a man must devote himself only to one enterprise or we would have some pretty narrow people.

I was going to say that you can't argue, because I may be the director of a hospital or a university or doing something of that nature, that my clients are suffering. I was just going to say that you can't accept that argument.

**The Chairman:** Well, I wasn't implying anything in my question. What are the advantages which accrue to the reader of the *Telegram* because of its association with CFTO?

**Mr. Goodman:** Well, as I said, I think there are advantages to the readers of the *Telegram*, but I think they go the other way too.

**The Chairman:** Well, what are the advantages to the viewers of CFTO?

**Mr. Goodman:** Well, we have by far the outstanding news program in the whole country.

**The Chairman:** And this is because of your association with the *Telegram*?

**Mr. Goodman:** Well I think so—who could say what the exact reason is, but the background of Mr. Bassett in news and newspaper has made him feel it is essential that we spend money and time on news programs.

**The Chairman:** Isn't it more than that, Mr. Goodman? Isn't it the fact that your new reporters work out the *Telegram*?

**Mr. Goodman:** Absolutely.

**Mr. Delaney:** Well, we have, in Toronto, news people working in our organization. We need a central area in downtown because we have 2-way radio telephone communication. The most logical place for us to work out of, hang our hat and use telephones and where news is happening, is at the *Telegram*.

**The Chairman:** Why not over at the *Star*?

**Mr. Delaney:** Well, probably the rent right to start with, and secondly, that is where the whole basis of our news operation emanates. We also keep newsmen, news crew and cameramen, all film processing and 2-way telephone cars running out of CFTO as we



**The Chairman:** But still the association with the *Telegram* is a distinct advantage to your news department.

**Mr. Delaney:** You were asking for advantages and I gave you a few.

**Mr. Goodman:** That is my whole thesis. My whole thesis is that there are advantages to us but the advantages are only that they increase the excellence of our product. That is my whole thesis for being here today. There are advantages, but they are advantages which accrue to the public.

**The Chairman:** Is it fair that CFTO enjoys this advantage? You have mentioned that you are competing in the Toronto market with CBC and with CHCH in Hamilton. Doesn't your association with the *Telegram* give CFTO an unfair advantage as against its two prime competitors in the market?

**Mr. Goodman:** No.

**The Chairman:** In the area of news.

**Mr. Goodman:** What is unfair? You mean because we have a more excellent product, that makes it unfair?

**The Chairman:** No, I mean...

**Senator Prowse:** You have more money to buy the product.

**Mr. Goodman:** The *Star* has more money than we have, I must say.

**Mr. Nichols:** It hasn't got more money than the CBC I will tell you.

**Mr. Goodman:** That's right.

**The Chairman:** Well, just a moment. It says there 12 staff reporters and cameramen work out of the Toronto *Telegram* offices on Front Street. Now, no other television station that I know of in the Toronto market has 12 staff reporters working out of a daily newspaper. Surely it is an advantage; now the question becomes: is it an unfair advantage?

You have made much of the fact that there is a great deal of competition in the Toronto market and I take your point. I think your point is very well taken, but when it comes to news programming, CFTO enjoys an advantage, and we have agreed on that, but the question then becomes is it an unfair advantage?

**Mr. Goodman:** That's right. First of all it doesn't have to be an advantage. I recall—I

think it is CFRB and the *Star*—they have an association. There is nothing to prevent CHCH in Hamilton making an association with the *Spectator* and there is nothing to prevent...

**The Chairman:** No, but you have made the point that the *Spectator*—you said earlier that CHCH is trying to compete in the Toronto market?

**Mr. Goodman:** Well, let's do it with the *Star* then.

**The Chairman:** Would there be the same incentive for the *Star* and the *Globe and Mail* to have 12 staff reporters and cameramen working out of the *Star* or *Globe and Mail* offices if the ownership isn't in common?

**Mr. Goodman:** Well, that is just a question of location. The 12 reporters on our payroll—they are not *Telegram* reporters.

**The Chairman:** Well, let me ask you another question. Let us just get away from that...

**Mr. Goodman:** Well, let's not. As I understand, CFRB and the *Star*—at least I hear the news or it may be one of the other radio stations, but I think it is CFRB and the *Star*, although I am not sure of that, but...

**The Chairman:** But we are talking television.

**Mr. Goodman:** All right, but I am just showing you that these associations can be formed. It is important to radio as well.

**The Chairman:** Does CFRB have 12 staff—I don't think they have 12 people in their whole news department.

**Mr. Goodman:** But what does 12 people in our news staff have to do with the *Telegram*? That's got to do with our interest in the news; and that is why "World Beat" has been accepted as the number one news programme across the country. It is because we are prepared to cut our profit, and have always done so in order to be first in the field of news, and it is because we have that orientation that we are prepared to do that.

**The Chairman:** Well, I am not quarrelling with you.

**Mr. Goodman:** Well Senator, I am not quarrelling with you, either.

**The Chairman:** That's good. I am not quarrelling about the excellence of "World Beat"

at all, but I am wondering whether your television competitors in the Toronto market have the same advantage you have because of your association with the *Telegram*.

**Mr. Delaney:** I am just wondering if we could put one thing aside for the moment. CHCH is not licensed as a Toronto station.

**The Chairman:** Well, Mr. Goodman made the point...

**Mr. Delaney:** No, he said that they were trying to compete.

**The Chairman:** Yes.

**Mr. Delaney:** But they are not licensed.

**The Chairman:** Are they a Toronto station or not?

**Mr. Delaney:** They try to be.

**The Chairman:** Are they a Toronto station?

**Mr. Delaney:** They are not licensed as such.

**The Chairman:** Well, the opening comment I think...

**Mr. Delaney:** Well, if you can bear with me for a moment.

**The Chairman:** Certainly.

**Mr. Delaney:** The point is that we really do have two Toronto licensed stations. CBC and CFTO.

**The Chairman:** Yes.

**Mr. Delaney:** I am sure you will all agree that we don't have the subsidy that CBC has in the area of news. So if we do have an advantage with a working location out of the *Telegram*, it is one we should certainly grab.

**The Chairman:** You know, I am not quarrelling with that at all. I think probably the presence of these 12 reporters for the *Telegram* improve the calibre of this news-cast—I don't argue with that at all.

**Mr. Goodman:** As I say, they can make their own arrangements if they wish to.

**The Chairman:** Well, let me make another case in point to just get away from news. This is an ad which appeared in the March 18th *Toronto Telegram*—a full page ad for CFTO. Would that be paid for by CFTO?

**Mr. Delaney:** It certainly is.

**The Chairman:** That is a paid-for advertisement?

**Mr. Delaney:** That is a paid-for ad.

**The Chairman:** At full rate?

**Mr. Nichols:** At full rate with no discount whatsoever.

**The Chairman:** Well then, CFTO must do more newspaper advertising than any other television station in Canada?

**Mr. Delaney:** We certainly do.

**The Chairman:** Why?

**Mr. Delaney:** Well, I will tell you why. When we started in business as you know, the ratings in the first year indicated that CFTO was not the most popular station. The publisher, who also happens to be the president of CFTO, set up ways and means (now I am dealing with the first two years of CFTO) to have massive amounts of newspaper publicity available to us to draw our programs to the attention of our viewers in the coverage area.

I think that one thing was as much instrumental as any in bringing the station to the success that it has; but certainly CFTO has a budget which is drawn up the 1st of the year; it is approved by our president, and we pay for all our ads.

**The Chairman:** Well, Mr. Delaney, why haven't I ever seen that ad in the *Globe and Mail* or the *Toronto Star*? Why is all of your advertising in the *Telegram*?

**Mr. Delaney:** We place it where we think it does the most good corporately.

**The Chairman:** Well, what do you mean by that?

**Mr. Delaney:** Well I mean that I have a budget laid out and I try to cover my newspaper through the *Telegram*, I try to cover my T.V. weekly through the *T.V. Weekly* that appears free in the *Telegram* and trade magazines.

**Senator Prowse:** In other words, if I take \$10 out of one pocket and put it into another this is better than taking \$10 out of one pocket and giving it to somebody else to put it into his pocket?

**Mr. Goodman:** Senator Prowse, all through Canada, associated companies in every field are benefits to their associates. The position I am taking is that it hasn't been an unfair advantage because the *Star* remains with the largest circulation in Toronto.



**The Chairman:** If I may make a point—I think it is very important.

I am not the least bit interested in the *Star* or the *Globe and Mail*. I am interested in broadcast competition, I am interested in the CBC and...

**Mr. Goodman:** Well, let's take broadcast competition. It seems to me that what was most important to Canada when we came in was to try and bring back the great majority of people who resided within our contour area to look at a Canadian station.

**The Chairman:** Right.

**Mr. Goodman:** We made application for this license and we said we are about to begin the battle of Buffalo. We have succeeded in bringing back from looking at American stations a great number of Canadians.

**The Chairman:** Yes.

**Mr. Goodman:** Well, all I have to say is that if there are some advantages from being associated with the *Telegram*, they have been advantages which have reflected in the product given to the viewer.

As far as competition is concerned, the Canadian Broadcasting Corporation, who own the other station located directly in Toronto, (although I say all six are competitors) the advantages that they have over and above the *Telegram* are immense.

For example, apart from \$160 million that is granted to the whole system, it enables them to set rates far below our rate and it gives them commercial advantages upon which you can question Mr. Chercover, because he has the details at his fingertips and I don't have the details.

But I do know enough being at CTV meetings that what is being done is that in effect the \$160 million is, to some extent, assisting commercial advertisers to get into the market against us. So whatever advantages we may have with this association are far outweighed by the advantages that our competition has.

**The Chairman:** Well, we will certainly be following that up with CTV.

**Mr. Nichols:** One other thing in connection with this that I certainly think is rather important is this. Some years ago we entered into what we called a trade agreement with the *Toronto Star*, in which we offered them air time on our station for space in their newspaper, and they took advantage of that.

After a short while they discontinued it, and that is one of the reasons...

**The Chairman:** That is the arrangement with the *Telegram* then?

**Mr. Nichols:** Yes.

**The Chairman:** Well, I see a great deal of *Telegram* promotion on CFTO and I watch CFTO a lot. That is a contra arrangement?

**Mr. Nichols:** That is correct.

**The Chairman:** And you have the same arrangement with CHFI, don't you?

**Mr. Nichols:** Yes, we do.

**The Chairman:** Did you offer it to the *Globe and Mail*?

**Mr. Nichols:** I couldn't tell you whether we did or not. This was discontinued by the *Star*, not by us.

**The Chairman:** Does CHCH and the CBC attempt to enter into these kinds of contra arrangements? I realize it is an unfair question because you probably don't know.

**Mr. Delaney:** I know that Hamilton has a co-operative arrangement with the *Star*, as does Barrie, because I know that Barrie, with the size of the operation, couldn't possibly afford the amount of newspaper space that they used during rating periods in the *Star*.

Now, the *Telegram* has an arrangement contra also with the CBC. So the CBC has equal opportunity to advertise in the *Telegram* the same as I do.

**The Chairman:** The next question I was going to ask you is if you concentrate your advertising during rating periods? Most broadcasters do something about this, don't they?

**Mr. Delaney:** No we don't. As you noticed, we do a lot of advertising, and we advertise 12 months of the year. We are in a promotion market where if you let up for an hour, it seems that you lose some points. We just don't believe that the time to advertise is in the fall.

There is a coincidence that I might draw to your attention, and that is the fact that new shows start in the fall and the ratings start in the fall. So naturally you advertise in the fall. But we advertise 12 months of the year on CFTO.



**The Chairman:** Well, if I could just sum up my question in this area and then I will go to Mr. Fortier. In this whole area of concentration of ownership, it seems to me what you are saying to us is—and I don't want to put words in your mouth—but it seems to me what you are saying is that everything has to be approached on an ad hoc basis. You have to look at each situation and there can be no guidelines.

**Mr. Goodman:** Very definitely.

**The Chairman:** Senator McElman?

**Senator McElman:** I wanted to get this question to Mr. Goodman before he leaves.

**The Chairman:** Mr. Goodman will be here until 1 o'clock.

**Senator McElman:** Well, it is getting close on to that now, Mr. Chairman. We have had some testimony from witnesses who disagree with Roy Thomson's statement that "a broadcast license is a license to print money" and from others who say that it is a very risky financial undertaking. In this light, why would Mr. Bassett wish to purchase the Windsor television station and then agree to pass it over to the CBC?

**Mr. Goodman:** Well, if you find the answer, let me know!

I will tell you why. You know, I am very close to this situation and I have carried on all the negotiations with the CBC. We bought the station because there was a challenge, because we felt it was an opportunity in an important Canadian market, and right next door to an important American market. To use this to broadcast, to mirror Canada to the United States was a very exciting challenge, albeit a very difficult one.

Most of Mr. Bassett's advisers recommended against him proceeding on commercial grounds. When the application was turned around so that we couldn't own it but that we had to do it with the CBC and get out in 5 years, there was absolutely no commercial benefit to us. As a matter of fact, it was going to be a drain on our borrowing power and a drain on our manpower. But we felt that it was still an interesting broadcasting challenge.

Furthermore, we had some negotiations with RKO or Western Broadcasting, which is controlled by RKO, and we felt an obligation to them. We didn't want them to feel that this

was some sort of a banana Republic where they had an investment which they would lose, and they might well have lost it if we hadn't gone through with this situation.

We just felt that we negotiated in good faith and when the decision came about—we wouldn't get seriously hurt—we had an obligation to go through with it. There was nothing more to it than that.

At this moment we are still waiting—we still don't know if it is going to be approved by the Treasury Board. We have reached agreement with the CBC and we are waiting for Treasury Board approval, but if the Treasury Board doesn't approve of the arrangements made, then we can't proceed. As I say, it were merely an interesting challenge to see whether we could do something to turn it over. We thought that there would be benefits, sort of long-range benefits for a private station working in partnership with the Corporation. It intrigued us.

But you know, I get asked that question, would say on an average of every day, by broadcasters, but they don't put it as delicately as you have. They say "What in the hell did you go into that situation for?" It simply is Mr. Bassett's view that there is an opportunity to retrieve a Canadian market and have an interesting experiment in working with the CBC.

**The Chairman:** Mr. Fortier?

**Mr. Fortier:** What is the future of the CBC in the present context of broadcasting evolution in Canada, Mr. Goodman?

**Mr. Goodman:** Well, I think it continues to play a very important and significant role. I think the reasons the Corporation was set up in the first place are even more pressing today and I believe that we must continue to have a public national service. Now, whether it should be a commercial service or not is something that might be enquired into, but I don't know enough about it to have any views. I am inclined to believe though that it is absolutely essential to Canada to continue to have a public service in the form of the Canadian Broadcasting Corporation.

**Mr. Fortier:** This marriage, for a fixed period of time which you are experimenting with the CBC in Windsor—a lot of people might wish to take advantage of that—do you think there are other areas in Canada where conceivably this could be entered into?

**Mr. Goodman:** I would think that it might be worth some thought. This would be a good opportunity of trying it out and seeing what happens. We hope there may be some benefits to the corporation from being in a minority position with us for several years. We are going to be running that station and one of our employees is going to become an employee of the partnership, he is going to be President. Mr. Bassett is going to be chairman of the board, and they are going to have an opportunity of seeing how we would run a station with a view to profit.

I think they must sort of have been smiling when they did it, but the CRTC has started an experiment which may lead some place.

**Mr. Fortier:** In the long run do you believe that the taxpaying public or the viewing public will benefit from that association with Mr. Bassett, meaning the shareholders of Baton?

**Mr. Goodman:** Yes, in view of the fact that we are going to be running the station. The agreement is that once they want to buy more than 49 per cent, they have to buy the whole thing. So therefore, I think that the benefits will flow more to the CBC than to us; but we hope to get some benefits from our association with the CBC as well.

We hope to get some ideas because they will have people sitting on the board, and we hope we will learn something from those people and we hope that they will learn something from us.

**Mr. Fortier:** One question which was not put to you on this matter of cross-media holdings, and which I would like to try on for size is this.

You pleaded in your very eloquent manner the advantages of cross-media holdings in a city such as Toronto, and you answered a question from the Chairman that there were markets where this was not to be encouraged in Canada. In those markets, which we don't need to identify, where cross-media holdings would appear to you to be advantageous, do you think this Committee should recommend that they be sought?

**Mr. Goodman:** Well, that they be sought—not necessarily, because while I say there are disadvantages, I think your recommendation should be that they not be inhibited or prevented. I am content to believe that the

growth of the communications industry is such that this will happen in its natural course.

I don't want to put an undue stress on this. I don't mean that every time a newspaper makes an application for a television station and somebody else applies as well, that the newspaper should get it. I don't want to put that connotation on my remarks today, because that would be ridiculous.

I just want to say that that is one of the factors that under some situations could well be a plus factor to be considered. On the other hand, there are many other factors that could be considered and if you make a recommendation that it should be sought, it might sort of overweigh it. I would just let the natural forces take charge and just make sure that there is no prohibition.

**Senator Prowse:** That would apply to an area like Toronto where you have complete competition in all media. Am I correct?

**Mr. Goodman:** That's right.

**Senator Prowse:** What would be the situation where you have a smaller community and you have a newspaper and a radio station and a television station all owned by the same corporation and they are the only ones really in there?

**Mr. Goodman:** Well, let me say this. As I said to the Chairman, I have some philosophic concern but I haven't really given that situation the thought that it merits. I hesitate to come up to this Committee and make statements which may not be factual, where I don't have enough knowledge, which may be detrimental to those people who are in that situation until they have had an opportunity of explaining why they feel it is in the public interest for that situation to exist.

In other words, as I go by, I don't feel like taking a back-hand slap at somebody when I really don't have all the facts.

**Senator Prowse:** You have got a philosophical...

**Mr. Goodman:** Concern about the concentration of all media in a small area on the one hand, and that is as far as I can go.

**Mr. Fortier:** The bold, courageous journalist about whom you spoke earlier, Mr. Goodman, and which you encountered...

**Mr. Goodman:** Daily.



**Mr. Fortier:** ...daily in the field of written journalism, more so than in the field of electronic journalism, should he be entitled to protect his source of information legally? I can't resist the temptation of asking an eminent counsel such as you, a question of that type.

**Mr. Goodman:** Well, let me say this. I think that the whole question of privilege of communication is one that the Law Reform Commission should give some thought to.

At the present time, as I understand the law, only a lawyer is entitled to that privilege, and a journalist isn't. A priest isn't, nor is a psychiatrist. But I think the time has come to re-examine the whole matter and the journalist would only be one, along with the priest or the psychiatrist or anybody else, that might be entitled to that privilege in communications.

I think we have to weigh the public interest to see, but I am inclined to believe that the public interest might come on the side of giving them the privilege. Once again, I am passing these great opinions off as though they are nothing, without any thought, but I have given some thought to this aspect of it just as a lawyer.

I am quite convinced, for example, that psychiatrists should definitely have the privilege of communication, and I think a priest at confession should have the privilege of communication, and I think it could well be extended in the public interest to a journalist.

It is a question that I think some real thought should be given to.

**Senator Prowse:** Except that a journalist is repeating what he says he heard from somebody and a psychiatrist and a priest presumably are not talking to anybody but God.

**Mr. Goodman:** Well, I am prepared to allow the priest to talk to God, but I am not yet prepared to allow the psychiatrist.

**Senator Prowse:** They are playing God!

**Mr. Goodman:** That's right.

**Mr. Fortier:** Yes, Mr. Chairman, I would like to pursue this with Mr. Goodman.

**The Chairman:** I might say to Mr. Goodman that he is one of the more respected lawyers who have appeared before us, and this is a matter which is of particular concern to this Committee.

We have heard lots of evidence about it and we would be grateful if at your convenience you could send us your views?

**Mr. Goodman:** I would be delighted to, Senator Davey.

**The Chairman:** It is a matter of great concern to us and I know Mr. Fortier would like to pursue it. Time doesn't allow it, but if you could, not in your capacity as being associated with Baton, but...

**Mr. Goodman:** I would be delighted.

**Senator Prowse:** This will be a free brief!

**Mr. Goodman:** I had thought about the problem as it relates to the whole body of privilege, and I have come out to my own mind for extending this whole body of privilege.

I must admit, however, that I haven't given it sufficient thought as to how it affects the press.

**Mr. Fortier:** A week or ten days ago the Association of French Journalists appeared before us and they expressed the view that in this age of condensation and manifestation and so on, their ability to get first-hand stories from people involved in this age of condensation was diminished greatly if they could not assure their interlocutor that their source would be protected. They gave evidence of instances in the Province of Quebec where they had been brought before the court as Crown witnesses and they said their efficiency diminished and thus the public interest was harmed.

**Mr. Goodman:** I think there is merit in that position.

**Mr. Fortier:** And I can also see the other side of the coin. Should the CRTC, Mr. Goodman, get into the area of censoring programming? This is a view again which has been expressed before this Committee on occasion.

**Mr. Goodman:** Well, I am personally opposed to censorship. Of individual programs are you talking about now?

**Mr. Fortier:** Yes.

**Mr. Goodman:** My view is that they should judge the type of programming put out over a period of time in the justification for a person holding a license. But I hesitate to think that they should censor programs, but I have a bias against censorship.



I just think that they have a responsibility to make up their minds whether this man has the responsibility to hold a license and once again I would object to the individual censorship of programs by the CRTC.

**The Chairman:** I would have to suggest, Mr. Fortier, that this be your final question.

**Mr. Fortier:** Well, Mr. Chairman, this will require a very long answer, but Mr. Goodman spoke a number of times this morning about alternatives to the Canadian content proposals presently being discussed before the CRTC, and I was going to ask Mr. Goodman what those alternatives were?

**Mr. Goodman:** Well, let me say this. I think this afternoon's hearings will give you a well-informed person to comment on them. My views are in accordance with the views that Mr. Chercover has been expressing. As a matter of fact, I did some work with Mr. Chercover on this matter and I think he is much more competent than I am to give you the factual information.

**Mr. Fortier:** Fair enough.

**The Chairman:** Well, then I would simply thank these witnesses and say to you, Mr. Goodman, that for some considerable years now, I have had a great political respect for you—sometimes it has been a hard won political respect.

As you know I have personal respect, but I add to that, this morning, professional respect. I think you have handled yourself, as I knew you would, exceedingly well. You can tell Mr. Bassett, not only that you are not the poor man's John Bassett but also that we didn't miss him as much as we thought we might. And I would include an expression of appreciation to Mr. Nichols and Mr. Delaney as well.

This is the first session of the final week of our hearings. Beginning next week we turn our attention to report writing and this has been a very useful discussion.

As I said at the outset, this is not the CRTC. Indeed, the CRTC is but one group, one organization we have heard from in the course of our study of the broad media spectrum. I think it would be pointless to undertake this kind of a study without reference to broadcasters. So we really don't apologize for bringing broadcasters before the Committee and indeed they might be annoyed if we didn't do it.

We are delighted that you have come here this morning, and thank you.

**Mr. Goodman:** Well, Senator Davey, we appreciated the opportunity. Thank you very much.

**The Chairman:** Thank you and the meeting is adjourned.

The Committee adjourned at 1.00 p.m.

Upon resuming at 2.30 p.m., Apr. 21, 1970

**The Chairman:** Honourable Senators, if I may call the session to order right away.

This afternoon we are receiving a brief from the CTV Television Network Ltd. Seated on my immediate right is the President and Managing Director of CTV, Mr. Murray Chercover.

On my immediate left is an old friend of mine, Keith Campbell, who is Vice-President of Marketing for the CTV network.

I would say at the outset, gentlemen, particularly to you, Mr. President, that the Committee understands and appreciates that your business office is not in Ottawa and you do have occasion from time to time to return to Toronto.

Mr. Chercover has just finished some 25 hours in front of the CRTC. He was telling me a few minutes ago that he is returning to Ottawa Thursday to appear before the Commons Committee on Broadcasting. For all of these reasons we are doubly appreciative that you have been able to be here this afternoon.

We are grateful, first of all, because we do realize it is an imposition. You don't look tired but you must be.

**Mr. Murray Chercover, President and Managing Director of CTV:** Let's see if I can stay awake during the session.

**The Chairman:** We will try to keep you awake. The other reason we are grateful you are here, is because of the nature of this particular study, which is to examine the overall media spectrum in Canada in which CTV, I am sure you will agree, plays a vital role; as indeed does the CRTC, which is another of the organizations and agencies and groups who have appeared before this committee and about whose activities we will be deliberating, as early as next week, when we turn to the report phase of our study.

Now quite understandably the brief you prepared and which I have in my hand

arrived in the hands of most of us only this morning. I think very few of the Senators have had an opportunity of studying it in the detail it deserves. It is my understanding from some of the Senators that it deals substantially with many of the questions we put to you in our Guidelines. That being so it will form a variable part of our record.

I am going to suggest now, Mr. Chercover, that you begin with an oral statement in which you can certainly talk about this brief and there might be other matters you want to talk about too. We will then turn to the questions on your oral statement and on the written brief and on other matters which may be of interest and concern to the committee. I am sure if you wish to have Mr. Campbell share the work load of answering the question we will be delighted.

Welcome. Relax. Let's talk about CTV.

**Mr. Chercover:** Ladies and gentlemen. Before we begin I would like to introduce my Executive Assistant, Mr. Derek Brown, who is sitting with the press; and Mr. Finlay MacDonald, who is President of our only O & O, or even partially O & O, CJCH in Halifax.

Perhaps it would be useful, since in fact we did deliver our brief rather late, if I were merely to highlight a few of the points.

First, the structure of CTV, which is the unique instrument not only in Canada but anywhere in the world. It is a network which is owned by its affiliates. Now the normal practice is to have ownership of a significant group of key affiliates in major markets, on the part of any commercial network, to provide a number of things, not the least of which is a revenue base from the resources of those stations, and more important, perhaps, an opportunity for guaranteed exposure of programming, in the key markets.

We are not in that mode, as it were. We are a co-operative and that makes us very unusual and more particularly in the commercial environment.

We do have an O & O, as it were. We own 75 per cent interest in CJCH Halifax but with apologies to Mr. MacDonald and to that very provides us with economic support structure.

I have listed for you the nature of the specific member stations which we have currently. It should probably be of interest to you to know that while the ownership and the obligations pertaining to the operation of the network is shared proportionately by the stations in relation to their ability to pay, or

their size or their scales, their control or influence over the network is restricted to one voice or one vote per station.

Indeed when we purchased CJCH, or the majority interest in CJCH, both the condition of our application to the Commission for the right to conclude that arrangement, and the ultimate approval which we received from the CRTC, contained requirements to maintain the representation from CJCH and from the Halifax region on our Board.

That is the background of the structure of the company. There is more detail contained in the brief.

Now in relation to our programming orientation, since we purchased the shares of the network outright in 1966 we have devoted ourselves to the principle that the network is one thing, first and foremost and in terms of our orientation, we have supported that view and that it is a programming service to the community life. The network is not a sales agency, with all due respect to Mr. Campbell who does a magnificent job. It is not either a microwave contract or distribution system or an origination centre; although all of these things are required in order to fulfill our purposes.

What it is first and foremost is a programme service. If that service is not of value and of attraction to the community, it cannot become a sales orientated agency; it cannot generate support; it cannot distribute programmes; or if it does, it is irrelevant because there are not receivers out there.

There is a two-way proposition involved. We must communicate and ensure that the receivers are on our frequency, as it were; but more important we must be sending on their frequency. I don't mean that technically I mean that in terms of the kind and nature of service which we provide.

Now I have pointed out in the brief that our basic service of regularly scheduled programmes is approximately 50 hours per week half of which is in our hands for sale. We differentiate between the half which we sell and the half which is in the station's hands, by calling the 25 hours and ten minutes which we sell "network sales time." In our affiliation agreement, the specific allocation of those times, as between prime and non-prime Saturday morning, week-day afternoons week-ends for sports and so on, is clearly delineated.

In addition, of course, to the regularly scheduled services we do mount such things as



coverage of Apollo or press conferences in Ottawa or national political conventions or any events which happen in the world, or more particularly in Canada, which dictate that the service should be expanded, deleted, pre-empted, changed, or accommodated either within the network sales environment or even if it crosses into the stations' sales time.

We have been faced with the challenge of an extension of the alternative service. Everyone knows the history that in 1966 a White Paper was brought forward relating to the future of broadcasting in Canada. Based on that White Paper in 1968 we received a new Broadcasting Act. The White Paper specified that the alternative service was now almost a necessity. It was an amenity, almost a necessity of life.

Certainly the pressures mounted from communities not having primary service, and more particularly from those not having second service, have been indicative that that was an accurate assessment of the problem. We developed, within our structure, a procedure whereby we could indeed extend and provide coverage even though it is well-known throughout the industry that there is no economic advantage, or indeed economic reality, in extending beyond our back-bone network as it is currently structured.

The additional markets we anticipate going into will not provide revenue in proportion to the costs which they will incur. Nonetheless our stations have developed a broad plan for satelliting where such a system is acceptable and where there is an incumbent CBC privately-owned affiliate and CBC intends, when funds are available, to move forward.

We expect to have to accommodate those affiliates as members of our consortium in either of two forms. The first form is the form of a full fledged card-carrying—and we call it "load bearing" shareholding affiliation. The affiliation with CTV is a matter of shareholding and thus assuming your proportional share of the obligations of the network, whatever they may be.

The second method is a form of supplementary affiliation whereby we will provide the entire programme service, the network station sales time absolutely free of charge and/or obligation to those stations accepting that they will have to carry the network sales time programme package, inclusive of the commercials. They will have some 5,000-odd availabilities in the station sales time portion of our service which they will be allowed to

sell free and without hinderance on the part of the network. That is a step along the way towards this alternative service, full alternative service.

We have made many adjustments over the years since we took over the network. Perhaps the point of history would be of interest to you.

When the new eight stations, the backbone of this current network, were licensed in 1959 and 1960, there was no network. A group of stations then formed an organization called the ITO, Independent Television Organization. It was incorporated as a non-profit co-operative arrangement whereby we would co-operate to cause programmes to be produced, to acquire productions, to serve the interests of the collective group stations in the most efficient possible manner.

Very shortly after that, the BBG in its wisdom decided a second private network would be a feasible enterprise, even though Mr. Fowler in his report in 1957, I believe it was in 1957, said this was an impossible economic prospect and that this country could not and should not consider an alternative network.

So we set up our co-operative and operated it for a very short time. It was then put to rest for a very short period. When the CTV was first licensed, we felt the network should be given an opportunity to fulfil the undertakings we were prepared to do for ourselves. Unfortunately the original shareholding arrangement in that network resulted in a conflict of interests between broadcasters who were licensed at the station level and who were suffering extraordinary operating and other kinds of losses. As a matter of fact, it is probably well known to you that some of them had to re-organize drastically with re-financings all across the country.

The conflict of interests was resolved finally when we bought the network in 1966. Many adjustments have taken place in the formulae and sharing arrangements which are part of the affiliation agreements. All I need say is that the shareholders have on each occasion, where previously conceived ideas of operation proved to be unacceptable or proved to be incapable of fulfilling our requirements, have made the necessary adjustments and paid the freight proportionally.

I don't think with all the testimony I have given in the last few days that I have to emphasize the nature of our Canadian commitment. I should bring certain figures to your attention in the brief.



Our Canadian content prime time programme costs have risen by 80.5 per cent during the last three years; while the foreign programme content in that same time category has risen by only 7.5 per cent, less than the normal inflationary cycle. Over 76 per cent of our total programme budget on the network sales time portion of the schedule, is developed to programmes in the Canadian content classification.

I think that is a fairly important statement because when we deal with the Act itself; the operative clause is section 2(d), which speaks of the programming provided by the Canadian broadcasting system and concludes with the statement:

"... and the programming provided by each broadcaster should be of high standard, using predominantly Canadian creative and other resources;"

Now we believe that spending 76 per cent of your programme budget on the Canadian portion of your schedule is precisely and specifically meeting that requirement.

We also, I think, should point out to you—I don't know whether that figure is contained in the brief, but it is a very interesting figure—that our total programme service, that includes all these extras I have spoken about, football and hockey, which are outside the network sales time or the regular service, and events of national or regional importance—election coverage and so on—the total programme budget comes close to \$12 million and represents over 70 per cent of our revenue. Now that is a fairly significant figure.

We have gone a lot further in the area of programming aside from our basic devotion to the principles of service, dealing with the issues that concern Canada and Canadians.

We have also been in the forefront of development of an international orientation in programming; and we believe this is one of the real hopes for this industry and this country.

We have faith in the creative resources of this country. Perhaps our having stayed here over the past few years when times were not easy is indicative of that faith. We believe in the creative resources that are here and we believe we can meet the challenge on the international market place.

We do have to temper that with reality that requires in addition to talent a good deal of money. We have to invest up front and it is a speculative investment. We have been doing that more and more. There are quite a con-

siderable number of specifics contained in the brief which you might be interested in or in our brief to the CRTC, which we would be happy to supply to you.

On the concentration of ownership issued, we demonstrate the fact that we are a consortium operation, one form of concentration of ownership. It is not perhaps the form you precisely were concerned about. Nonetheless it is a concentration of the resources of twelve shareholding affiliated stations and the network itself, in order to achieve the goals and the objectives that we put forward for ourselves and which have been put forward for us in the form of the Act or regulations.

I might point out that our orientation towards quality and towards programming service have all been elective on our part. We could meet the precise requirements of the current Canadian content regulations on a much cheaper basis, a much more economic basis. We don't do that and we haven't done that. The reason is because we don't believe that the industry will survive unless we develop viable and useful, productive programmes which can be exported from this country. That is only one of the reasons.

We also believe the collective orientation has brought the kind of loyalty that we can demonstrate if this group should be interested in pursuing performance with the audience. We believe we have made connections. We believe our frequency is right with the community and I think we can demonstrate that not only in practical terms of household viewers but also in terms of the critical response of the intellectual community, the academic community, of the political community.

Now on concentration of ownership, one more comment. If we are going to have the kind of speculative resources which will enable us to put four and five and ten times the amount of money into programming, which can be reasonably considered to be recoverable in the marketing circumstances of Canada, per se, we must have certain units in the structure which are by themselves large enough to allocate the funds for this kind of speculative activity.

At the same time, we are concerned about size wherever the amalgamation of units within our structure, or the apparent intent to provide an amalgamation of units outside CTV structure, may be inimical to the interests of CTV. We believe we have to remain viable and without wishing to use a cliché—we have to do well before we can do good.

In the matter of changing technology, I am going to hope that you will ask questions here. I want to speak to this issue because it is of great concern. There seems to be a rather widespread acceptance, particularly in the intellectual community, that technology will dictate our inevitable behaviour.

I don't believe that it is necessary. I believe, for example, if we had known in 1910 what we know today about the internal combustion engine and the automobile we would not have allowed technology to dictate the nature of our society. I also believe sincerely that we are in a better position today in technological terms to predict the outcomes of these various new techniques.

For example, today it is possible, with reasonable validity, to project the multiple channel CATV satellite direct-to-home transmissions that are part of this whole new technological excitement. It is also possible to predict, and I do so without reservation, that Canada, cannot at this time in its development, with its sparse population, afford a 42 channel system and retain an indigenous system that provides for a reflection of Canada to Canadians.

The very simple fact is, if we accept the technocrats enthusiasm for change and we contemplate multiple channel system, we must first of all examine the national objectives which are pretty well annunciated in that Act. If we agree with those principles that Canada should retain its identity and this instrument of communication should be one of the most important elements in maintaining that identity, then it seems to me we have to recognize CATV for what it is. It is a very fine instrument in an urban structure.

Now we are growing as an urbanized country and by the 1990's we expect that 80 per cent of our population will be in the urban areas. Even then, we are talking about the penetration of a service, which is at the election of each individual, unless somebody is going to pass some legislation that requires the viewers to sign up for cable service. We are talking about a maximum of 55 to 60 per cent penetration potential after 80 per cent or more of the population is in the tight, tight urban areas.

That kind of penetration does not compare very favourably to what CBC delivers now and what we deliver now, even though we have not completed the process of the extension of the alternative service. We now cover a little over 80 per cent of the country. We

expect with the licensing of the certain areas, which have been specified by the Commission for the immediate future, that we will soon be up at the 90 per cent level. The last few percentage points are by far the most expensive and most difficult.

Cable does not provide an answer for that problem; and the fragmentation which will result from an early imposition of cable and multiple channel services, will further diminish our ability, which is solely dependant on the generation of the revenue in the advertising community.

Now I also say that we have to anticipate whether—assuming that our viability as a marketing instrument is destroyed, which is possible and perfectly acceptable—don't suggest for a moment that should be a limitation of social change—if that were the direction the country chose to go, because the social, political, cultural interests of the nation would be better served by going in that direction, I vote "Yes, let's go that way."

But can we expect additional taxation to provide the resources for these multiple channel programme services. I say in the brief that we hardly do a satisfactory job, with the resources at our disposal today, on two channels nationally and the French channel that is not national yet. How do we handle 42 or 70 channels of different programming? Certainly not by going to the Federal treasury and saying multiply \$166 million by whatever it is. We really cannot afford that.

I think there was a man who most of you probably know better than I, Donald Gordon, who once talked about the problems of Canadians affording two cars in every garage and the same kind of affluent life with a swimming pool, a boat and a cottage that their contemporaries in the United States could afford.

Now, it didn't do him a great deal of good politically to be honest but I have no option. I have to say I am prepared to go ultimately in the direction that is best for this country and I don't believe this country can afford the fragmentation and the multiple-channel service if it continues to maintain a national orientation, a national federal identity.

**Senator Prowse:** Pardon me, were you saying Donald or Walter Gordon?

**Mr. Chercover:** Walter. Excuse me.

On the subject of satellites, we have been party to the Telecommission studies which talked about the social and other economic



implications of satellites. The satellite may be a decision for Canada that has to do with the technology of building and selling satellites, but let us face the reality of satellites. This is not an economic instrument for the distribution of programme services for seven time zones. We cannot change the metabolic clocks of our citizens.

The only option we would have, if we were to use this instrument, is to go up and down seven times to conform with the metabolic and sun-based timetables. Otherwise perhaps the suggestion may be not facetiously made that the viewers in Vancouver would convince their employers and their neighbours to change the whole timetable and set everything on the Maritime time and start from the East and go to the West. The Vancouver viewers would watch the early evening news at 2 o'clock in the afternoon.

**Senator Everett:** Wouldn't video-tape answer that?

**Mr. Chercover:** No. Because how do you use videotape in relation to a satellite? You have to re-distribute, which means now you are using a satellite system, put it up and down once, and then you are using a ground-based system to duplicate it, to re-distribute, which means now you are using a satellite system, put it up and down once, and then you are using a ground-based system to duplicate it, to re-distribute in the region, so you are adding cost which does not contribute to programmes or to service to the viewers.

This is covered, I think, in some detail in the brief and you may wish to examine it and question me on that.

When we get to the question of direct satellite-to-home, we then have to ask why are we proceeding with CATV; because if multiple channels direct satellite-to-home is the next step in this technological surge, we are going to obsolete not only the ground-based microwave system which we now have, we are going to obsolete not only the direct-to-home ground based transmissions and network structures that exist, but we are also going to obsolete the CATV systems which we are desperately trying to install at the moment.

I ask if it would not be quite appropriate at this point to put the brakes on and say "Whoa, let us reconsider the whole spectrum."

I said in a private meeting with the Chairman of the Commission—I went through all

of these inter-connected and inter-related policy areas and he said "Yes, it is a very complex administrative problem." I said, "No, sir. It is a medical problem." He said "What do you mean by that?" I said "Everything inter-relates. You have an illness that is centred in a part of your body that you don't have any consciousness of but your right ankle hurts." "You just simply must get to x-ray and a metabolic check of the entire structure of communications."

We are faced with the pressure for the extension of service and we are prepared to proceed but we are confined by government policy emanating from the Department of Communications that says in order to have an orderly system we must give precedence to our friends the non-carriers.

I have no objection to giving precedence so long as they meet the price and provide the service. But when we can do the job for ourselves at half the price, and at the end of a ten-year period of amortization own the system, why should we be required to spend the money in order to integrate with a system that exists and is in the hands of another private owner, when the use of this proposed facility is to provide a service to an uneconomic area.

We say from time to time "Hold on." We have been studied and examined and probed and almost dissected. In fact these studies are all not connected. They are happening in different pockets throughout the structure of this country.

I would like to see all of them marry for one massive period of examination and one realistic re-evaluation and set some directions for the future.

Now we have been asked to comment on American competition in advertising. We certainly do encounter significant competition from the United States and without precisely reading this brief you are fully aware by this time, I am certain, that there are border stations in the United States that are licensed purely and simply to serve Canadian communities. That is the simplest way of putting it. Their offices are in Canada.

In the case of KCND, Pembina, North Dakota, their offices are in Winnipeg. They have Canadian representation. In the case of Bellingham, Washington, KVOS is licensed. There are two or three hundred and ninety-four souls, I believe, in Pembina who deserve an American service, I am sure, but their office and sales are all undertaken in Canada.



One of the great tragedies is the significant proportion of money that flows out of Canada. We assume conservatively in the range of 10 to 12 million dollars, which is a fair amount of money, flows out of Canada to support advertising which is not legal in Canada under certain statutes, for example the provincial statutes respecting beer and wine advertising, in the case of British Columbia.

Now that seems to us to be an inappropriate arrangement and we have long advocated that the Act—and I cannot recall the specific piece of legislation in precise terms, but the Act which resulted from the O'Leary Commission...

**Senator Prowse:** 12A?

**Mr. Chercover:** Section 12A of the Income Tax Act. If that were extended by a very simple phrase—it is limited now to print media—and extended to broadcasting media, you would be a long way along the road to assisting us in that area and providing additional revenue potential to support the service we are trying to provide.

**Senator Everett:** Is that true just of KVOS?

**Mr. Chercover:** KCND and Buffalo—all three stations.

**Senator Everett:** KCND are taking liquor advertising?

**Mr. Chercover:** Brewery advertising; and the Bellingham station as well. The three Buffalo stations do and Plattsburgh does. The fact is in Buffalo they are not breaking a regulation. I must say the Canadian advertisers have been careful to keep their commercials in conformity respecting the nature of advertising which is allowed in that category.

For instance they don't go to the United States and make the bottle glisten and pour the brew. They contain themselves to the nature of the advertising which is currently in force in, for instance, the Province of Ontario and Quebec. Under the Ontario regulation, they are allowed a certain form of advertising and a certain volume and they do acquire more time in the United States.

That is a problem that also has to do with the provincial legislatures, as well, in terms of their preparedness to accommodate a larger volume or any volume. It is precluded in British Columbia altogether as at this moment.

**Senator Everett:** What is precluded?

**Mr. Chercover:** Brewery advertising.

**Senator Everett:** Altogether?

**Mr. Chercover:** Altogether in British Columbia.

**Senator Prowse:** Except from Bellingham?

**Mr. Chercover:** Except from Bellingham which is getting to 80 per cent of the province directly.

**Senator Prowse:** Ninety per cent of the business is Canadian.

**The Chairman:** We are not in the question period. Perhaps you could ask your questions in the question period.

**Senator Prowse:** That was a good time to ask that question.

**Mr. Chercover:** I don't mind being interrupted.

**The Chairman:** Don't say that or you will never get started!

**Mr. Chercover:** I won't belabour that point. I think it is quite clear what the problems are. There have been conversations, indeed some expert testimony to the effect if there was another channel in Toronto that in fact there would be more accommodation or potential accommodation for advertisers in Canada who would not have to go to the United States.

Let me say first of all—hogwash. The fact of the matter is there are availabilities on CTV; there are availabilities on CBC; there are availabilities on CBLT; there are availabilities on CFTO; there are availabilities on CHCH, Hamilton. Not one of those stations, however proud they may be of their sales record, is in fact sold out.

In fact another station in Toronto, which is already well served with media, would only serve to damage the system which we have operative and only serve to further withdraw funds from what we call the peripheral or less viable markets.

If a new station goes into Toronto I can assure you that the revenue loss will not be felt at CFTO or CBLT or CHCH. Not for one moment. The revenue will come and will be withdrawn from Regina and Moose Jaw and St. John's and a few other smaller markets across this country.

First of all, don't let anyone suggest to you there is no room to accommodate more adver-

tising in this media in Toronto because there is. In the second place, it would not serve to expand, as some people suggest, the opportunity for advertising in Canada. In fact by virtue of additional fragmentation which would take place in these critical market areas, it would result in dilution of revenue from those less able to afford it, the smaller stations in the communities across the country.

Now you asked for some comment on news and information programming. We regard this precise narrow area of programming to be the most important of the elements of service which we provide. Most particularly, because we essentially lack a national press in Canada, we have concentrated our resources in this area.

We acknowledge the admonitions of the Act that we must provide a reasonable balanced opportunity for the expression of different views on matters of public concern, but I took some exception with the Commission recently on this matter of a brief, which was filed by some young lawyers from Toronto who wanted equal time to oppose advertisers, because, in fact, every issue, which that young group of lawyers could identify as a public issue, is only now a public issue because the mass media made it a public issue.

We broke and expanded and brought the public focus to the issue of phosphates in detergents. We, the CTV and CBC.

We, in broadcasting, ahead of print by a mile brought the issue of mercury pollution to the public attention.

For 25 years we have seen the academics, and I don't mean to be in any way critical, studying the problems of environment and studying the problems of ecology, dealing with them in learned texts. This is what I call the closed circuit or introspective feed-back system.

It is interesting the political system did not respond until these issues became issues of public concern. They cannot always be made, be brought into focus properly and have full balance but there is an interesting fact.

We live in a multimedia society—thank heaven; and a free multimedia—again thank heaven. It is interesting if a single journalist, who by his nature must be committed to do anything of usefulness, does overstep the bounds of balance, complaint and redress is very quick to occur; not only because we

elect to show the alternative point of view but because the public dialogue is set up.

For example, when a company (and I won't name any company) feels that they have been mistreated or maligned or otherwise done a disservice, the pressure they mount in the press or in other places where they have access, or in our own network, results in the reflection of the other point of view and that other point of view is fully aired.

Now there are some circumstances where I would ask you: is there an alternative point of view? For instance, is there a point of view in favour of pollution? Who is going to stand up and justify the destruction of the balance of our nature and the destruction of our future or our children's future? I don't know of anybody who can. In fact the key to this whole thing is to focus issues precisely and with sufficient drama so that the general public becomes involved, because the result of the general public's involvement and/or concern is political action.

We have, I think, done fairly well in this area. A commitment of this kind, whether it be on the basis of the individual journalist, or of the corporate entity, is essential to the preservation and the enhancement of a political, social, economic structure such as we live in.

We are not of the opinion that a press council in the broadcasting field, or for that matter in any field, has proven to be of significant value or effect. We have already got, thank you very much, a good deal regulatory authority to deal with in relation to television.

The question of public opinion I have in part, I think, dealt with in dealing with the matter of issues of public concern and indeed on the question of the pressure groups there are only two positions. If a pressure group whatever it may be, political, professional or social, reacts to something we do, it is possible that we have either reported and investigated the opposing point of view of an already organized pressure group. Then we can be said to have done our job well; we have exposed to the public the opposite point of view of an established pressure group. Or it can mean, on the other hand, that we have created a reaction by expressing a point of view that a large body of the general public had not as yet focused on in the form of a pressure group.

We are not unduly, in my opinion, swayed by the existence or the actual pressure of



pressure groups. Indeed we are not swayed in our journalistic endeavours by the pressures that so many people impugn to the advertisers in our community. I have never had an instance, in all the years I have been in broadcasting, of pressure from an advertiser, whether it be a news programme or any other programme. I have known of one—but I have never experienced it—where they have endeavoured to influence the course of reporting of news or actuality or factual or informational programming.

As a matter of fact, I am delighted that we get more and more corporate identification and support in sponsorship for programmes that deal with the social issues that face this country and the world.

I think that, Senator Davey, summarizes my comments. There are other points, which you brought forward, with respect to recruitment of journalists and non-Canadian news that are dealt with in the brief. I am at your disposal.

**The Chairman:** Thank you very much, Mr. Chercover. That is a good explanation of the brief.

I think the questioning this afternoon will begin with Senator Everett.

**Senator Everett:** Mr. Chercover, there are so many areas in which you are an expert upon which we would like to question you, and if I start on a slightly peripheral one, I apologize. In view of the fact you are trying to get away, I will perhaps keep my questions short and you will keep your answers short.

**Mr. Chercover:** I don't know if I am capable of doing that, Senator. I will try.

**Senator Everett:** In your evidence and also in your brief you ask whether there was a few in favour of pollution. In other words, it is a onesided issue.

I wonder if there is not a view that says we should be careful about committing too much of our resources to the war on pollution? I wonder if you have given consideration, as a man who is very influential in what Canadians think, to whether or not you are not in danger of carrying the argument too far so that the resources that are committed are too great?

I agree with you that politicians do not create these issues. They follow the media. Very often it is the media that create the issues and the politicians follows.

I wonder if there is not a counter-argument to pollution?

**Mr. Chercover:** Well, I have been reading everything I can find.

**Senator Everett:** One that says "Yes, pollution is a "motherhood" concept but how far do we go on committing our resources to the eradication of it?"

**Mr. Chercover:** I absolutely agree with you. There is always a danger of overreaction and always the danger of overemphasis. But when we began to deal first, for example, with the matter of phosphates—which incidentally I acknowledge have not been absolutely finally proven to be the key element, there is new evidence, now, which indicates perhaps there are other factors—the fact of the matter is that we pursued the issue off the record with the responsible agencies of government at the Provincial and Federal level and we got no reaction. We did in fact pursue the attitudes and the policies of the various departments in question before we dealt wholeheartedly in the area.

Now we haven't had an item on phosphate pollution for the last eight weeks, I don't think. We have the ball rolling. Now it is clearly a matter of study by an appropriate government group with the technological, scientific and other resources at their disposal.

**Senator Everett:** Are you soft pedalling pollution now?

**Mr. Chercover:** No, we have just moved on to a few others.

**Senator Everett:** Speaking about leadership qualities that are involved, it seems to me that we are following an American argument vis-a-vis pollution.

**Mr. Chercover:** We started long before they did, sir.

**Senator Everett:** Talking about pollution generally?

**Mr. Chercover:** Yes, sir.

**Senator Everett:** I am glad to hear that.

**Mr. Chercover:** Long before.

**Senator Everett:** What about poverty?

**Mr. Chercover:** We have dealt with that and very precisely in the very recent past. We have had a continuing series of features



examining not only poverty generally but poverty particularly in the environment of our native peoples, poverty particularly in the context of unemployment and the problems of the unemployable. We had a feature on several weeks ago.

**Senator Everett:** Do you think you are moving the public?

**Mr. Chercover:** Yes. We have had a response that indicates that the public is becoming aware of it. I have a flow, and I call it a flow because it is not just an occasional drop, a flow of mail across my desk from people who have seen a specific series and they demonstrate concern by responding, by offering contributions, by suggestions of further coverage, by suggesting other techniques.

For example, we had a programme not long ago which was not on pollution and was not on poverty but was on history. We took the recent McClelland and Stewart book by Frank Rasky, "The Taming of the Canadian West." We did a visual treatment of the short history of the development of some of Canada's mythology, which is not now identified as mythology.

Unfortunately Canada lacks, in public terms, the same kind of mythology that the Americans have built up about the pioneering era of the Old West and so on. We have as interesting and as fascinating a background, the development of the RCMP and the pushing through of the railroad and so on.

That was an interesting result. Several of the critics in the print media—I think they over-responded—were very critical of the programme. A great many people in the public environment wrote in and said "Thank you. Please let us have some more." Some of the most moving and poignant letters came from teachers who begged us to make it available to them because it was a visual and dramatic way of teaching something, which they try to get across in a text book environment, but are not quite as successful as they could be using the audio-visual techniques.

We will be re-running the programme at an early time with a specific promotion so the younger people can watch it.

**Senator Everett:** Coming back to poverty; here is an issue in which you would have been well in advance of the public and maybe the politicians; in fact I think certainly the politicians. What action do you intend to take to create in poverty the same issue that we have created in pollution?

**Mr. Chercover:** Knowledge, information. We intend to continue to inform the general public but in the way only this medium can with impact.

For instance, it is well over a year since we went into an Indian community and filmed the circumstances in which those native peoples were living.

It is well over two years since we first initiated a study in the Halifax area and in fact exposed the conditions in which those people were living.

It is not a table of statistics that moves the general public. If you pick up a piece of newsprint and you see that poverty is of concern in a ghetto area of whatever—we did it in Montreal 18 months ago. We go into the environment.

For instance, in relation to the reservation story, which was a shocking visual experience, we go into the home with a man with his children and see the conditions under which they live at 40 degrees below zero and see the nature of their grocery stock in those conditions.

We invited the Minister responsible to come to the programme to talk with the representative of that particular tribe. He didn't want to do so unless we gave him authority to edit the film, which we would not do. We put it on without him and told the public he was not prepared to come on.

**Senator Prowse:** Did you tell them why?

**Mr. Chercover:** Yes, we did.

**Senator Everett:** I have one last question on the subject.

Do you propose, then, that the news and information side of your undertaking will be to a much greater percentage, devoted to the war on poverty?

**Mr. Chercover:** I don't think to a greater percentage. We have a responsibility to observe the scene, to reflect Canada.

**Senator Everett:** I am talking about the responsibility you talk about here also move Canada in certain directions.

**Mr. Chercover:** Sir, let me say we have over the past two years or two and a half years, continuously and precisely focused on the issue of poverty. It is longer than that. We have continued to do so. We will continue to do so, not to over-emphasize that in relation to the many other problems we have.

**Mr. Fortier:** Do you believe that on issues such as these two, pollution and poverty, it should be the role of the regulatory agency, such as the CRTC, to go to you and say, "This has become a very topical problem in Canada. It should be emphasized by the mass media. Mr. Chercover, your network must produce more programmes on pollution, must alert the people of Canada." Do you think this should be their role?

**Mr. Chercover:** No, I don't. I think the role of the regulatory authority or a Senator or a Member of Parliament or a civic or social leader should be to press the media at all times to look at all levels of society. There is only one option, if the regulatory authority is going to determine priorities, and that is they must take over the programming and I don't believe they could.

**Mr. Fortier:** You don't believe this should be one of their functions?

**Mr. Chercover:** No, I don't; not even in the positive mode that you suggest. It is a form of inverse censorship.

It is my view, for example, Pierre Juneau and I talk with one another; Harry Boyle and I talk with one another, we communicate. They only need to lift the phone and say "Don't you think this issue is not getting enough social concern". They will get a response.

**Mr. Fortier:** Do they do it?

**Mr. Chercover:** I have never had a suggestion of any kind from them in those areas but have had some quantitative proposals.

**Mr. Fortier:** Ipso facto do you think they should have the right of doing what they did in the "Air of Death"?

**Mr. Chercover:** I think what they did in the "Air of Death" was a response to a political situation which was developing and which had nothing to do with their normal function of role.

If you will recall the Province of Ontario decided to challenge the validity of that programme and the CBC—for whatever good and sufficient reasons, which I don't care to interpret—elected not to respond to the province.

The Province then elected to create a Royal Commission and since the CBC would not appear or testify at that Royal Commission, it turned out to be a whitewash of the corpora-

tion and the provincial policy on pollution and a blackballing of the CBC.

The result of that was immediate knowledge inside the system that there was going to be some six or seven provincial Royal Commissions of a similar nature to do the same thing and the CRTC stepped in to call a single Federal hearing, I think to avoid what appeared to be a snowballing situation.

The fact of the matter is that observing, number one, the programme—looking at it—you couldn't argue with it. The proper techniques were followed, no misrepresentation, no distortion. The fact of the matter is that subsequent to the hearing there has still been no statement of any kind as a result of that hearing. The provincial government imposed regulations on that company and indeed, recently, I read a report, not more than ten days ago, that the levels of fluoride poisoning and pollution in the produce and in the animals in that community has now been diminished to safe levels. After the fact, to be proven right, if you have been up in front of a tribunal and judged to be wrong, is not a comfortable feeling.

However, I think first of all if there is an impropriety or an imbalance develops as a result of exposure, that particular programme was a case in point. As I recall the result of the squealings and reactions and bleatings of corporations and departments of the Provincial Government that emanated from the "Air of Death" exposure was across every newspaper in the province and nationally.

The mere suggestion that the programme was improper, long before the decision on the part of the regulatory agency to hold a hearing, resulted in a constant dialogue. I say that is a service the public should receive. That dialogue once created, creates its own balance, of necessity.

**Mr. Fortier:** The question which comes to mind, which I don't think is divorced from what you have just said, is on the quality of programming. You make the point that you are seeking quality rather than quantity.

Mr. Juneau said before this Committee the more quantity there is the more likelihood there is of quality.

**Mr. Chercover:** I don't accept that statement.

**Mr. Fortier:** Would you accept that the CRTC when a station comes up for a renewal of license should be empowered to tell the



owner "We have looked at your programmes in the last two years and you have had 80 per cent Canadian content but your programmes have been very poor and consequently we won't renew your license." Do you think that should be one of the fields of jurisdiction?

**Mr. Chercover:** Absolutely, yes. I do suggest they should be looking at the community and the programmes, not merely reflecting the feed-back that happens in this particular environment.

There is an insular quality here; For example, there is an academic establishment, there is a so-called intellectual establishment; you know there is a political establishment. Those establishments feed back on one another. They have to go out into the community and observe the effect of the performance of the station.

I don't believe you can live from aloft in the performance or fulfilment of an obligation. I believe you have to actually know what is happening in the community and the kind of identification that is being made.

I have heard 20 times in the last ten days that the youth are turning off in this country. That is not true. First of all, I can statistically demonstrate that there is a greater percentage of that key 14 to 21 or 23 years old age break, that is supposed to be turning us off, watching us than the percentage of the audience as a whole. Interesting but a fact.

**Senator Everett:** You make the statement here, Mr. Chercover, at page 14:

"In any event, we act in the context of a multi-media society. In the event of an unbalanced position put forward by anyone, the public dialogue which follows ensures that balance is ultimately achieved."

It seems to me, in England, there is a tradition of an ethic amongst the wide sectors of the population to expose themselves to three or four national newspapers which, individually, do not give a balanced viewpoint, but collectively they do get a balanced viewpoint. I think that is the best way to get the news.

Do you really think, in Canada, while we live in a multi-media society, that the public has this tradition, so that it is influenced by this balance that is so necessary.

**Mr. Chercover:** Which public?

**Senator Everett:** That is what I want you to answer. You can define the public whatever way you want.

**Mr. Chercover:** I cannot define it in any single way. First of all, it is the public in its entirety; and within it, there are thought leaders and people who influence agencies of government; there are environmental elements themselves; there are the regulatory agencies; there are the representatives of other journalistic media; there are the academics; there are the public at various socio-economic and educational levels; and each one of the public is a different public.

I don't believe that we always achieve total penetration by any means, nor could we. For instance, the audience on a programme like "W5", 500,000 households and over a million viewers, is a representative audience not of the general public but of people who are particularly concerned.

I would hazard if we were to do a socio-economic breakout, or an educational breakout, we would find more people in the economic, political, intellectual orbit watching the programme of that kind than the general public in that sense.

I believe that the ultimate effect is still achieved in Canada. One of the things we try to create is feed-back. That is one of the reasons we answer and read all the letters we get, and we get a great many. That is because we want communication and contact with the public.

One of the reasons we test response is not only in numerical terms but also much more precise terms, in terms of effect and the desirability of programmes with a number of techniques, is because we want to build a feed-back.

We have specifically sought on several occasions to involve the public, whichever public it was, whoever was available or interested, in some of these debates and issues. We are gradually beginning to get a response getting people to come to television either directly or to comment on issues which are in debate. That is a necessary part of the exercise. We are getting some of it.

For instance, we often find when we deal with an issue up front, there may be a feature story in the newspaper and there may be, in the same edition, two letters to the editor which in fact may have motivated the feature story.

**Senator Everett:** We keep hearing in this Committee, and one of the questions we ask is: is there any control of exercise over what your editorial people write or report on?



**Mr. Chercover:** I will give you an example, sir, if I may. I may be able to answer it in part.

**Senator Everett:** I haven't asked the question yet.

**Mr. Chercover:** Go ahead and ask the question.

**Senator Everett:** We keep hearing about this. I am getting more interested in not what interference there is with the journalist but what control do you exercise over him?

In other words, we have heard that he is left alone to do as he wants to do so that, as you put it, there is no problem of journalistic balance. I am more interested in how you control journalistic energy?

**Mr. Chercover:** We, first of all, have not experienced any. That is a fairly important factor. I think the reason we have not is because the people who are operators in the network are themselves active in the field of programming and journalism.

For instance, I am involved with programming as my primary function. I have to know how to read a balance sheet, I have to know how to account for what we do, and I have to work with Mr. Campbell to achieve sales, but those are incidental to my primary function which is to ensure that we have a programme service that is valid.

One of the ways in which we do that is to look for people in the journalistic field of endeavour from varied interest areas and varied political backgrounds. So we are not necessarily demanding total objectivity of any individual but rather we are seeking to put a creative sense of balance within the structure.

Secondly, we have not had the problem of anarchy because the news features and information programmes are all a unit. They are not separated into divisions which deal only in hard news or deal in the alternative to hard news, which is opinion programming.

A good example might be that we have pioneered in the area of putting a byline column on the air, the opinion of the creator. We have a good example of that in Ken Lefolli's work at the moment.

**The Chairman:** Does he have complete freedom?

**Mr. Chercover:** Yes, he does. As an example he was covering the hearings this week and out of deference to my concern, he called

me, not to offer me the option of editing but to offer me the opportunity to see on Sunday what he was going to put on on Sunday night. I thought was very gracious of him but I said, "Thank you, but no thanks." "I will not come to see it. I would love to comment on it afterwards but I will not look at it."

**Mr. Fortier:** And yet you are a man who should know. Tom Gould, your Director of Public Affairs, writing in the *Star* on Tuesday, March 17th, and he must have known what he was talking about, wrote this:

"Television journalism is groping with the tyranny of the stopwatch. Brief, superficial reports are crammed into a limited number of minutes. Cameramen, reporters and editors all seek good visual material and when it isn't available they often shape the story to fit the film they have."

Is this factual?

**Mr. Chercover:** No. The fact of the matter is Tom was dealing philosophically, and quite properly, with problems I could deal with. I could sit here and give you a litany of sorrows about the pressures of money, the pressures of time, the pressures of pressure.

**Mr. Fortier:** You don't think he was commenting on episodes which he had lived?

**Mr. Chercover:** Perhaps. He has also worked for some other corporations in broadcasting in Canada besides ours.

**Mr. Fortier:** Gould continues:

"We thrive on conflict, and create it where it is non-existent, by describing events in the vernacular of the boxing ring."

**Mr. Chercover:** Well, I simply don't accept that. Tom brought me the piece and I said "All right. You wrote it. It is your opinion. Be my guest."

Tom is only one person in our entire news service, one person in our entire information staff. He is a first-class journalist, a greater reporter, and a heck of a guy. That doesn't make him absolutely right on every issue.

**Senator Prowse:** He did show it to you before?

**Mr. Chercover:** He brought it to me just because he wanted to borrow from me several pieces which I had done about the problems of media and identification with the public.

I had given some papers, which Tom knew about, that had to do about the concern, the disaffection of the public for the media. There is a significant disaffection that has grown in the North American society, not just in Canada but more particularly in the United States. We have all heard the phrase "The silent majority." Nobody likes the bearer of bad news. We know that and we know we have a problem.

Tom wanted particularly to get the background of some of the research material that I had done. I gave him the files and he talked about the article with me.

**Mr. Fortier:** Let's forget about Tom Gould's opinion. We are interested today in getting yours.

Do you think that television journalists in Canada generally, and specifically those who are associated with your network, are fair?

**Mr. Chercover:** Yes. If they are not I have an obligation to go back to them after the fact and I do. I say "Do you believe that you properly reflected both sides? Did you go to the manufacturer? Did you enquire of the Minister in question?"

Indeed there have been occasions when we have come back at the same piece as a result of their retrospective acknowledgment they had not been fair.

**Mr. Fortier:** By and large do you find they dig as deeply as you expect them to?

**Mr. Chercover:** I find the instinct on the part of the more responsible journalists whom I have had contact with, is to dig very deeply and to do their very best within their limitations in terms of time, money and whatever.

I do believe that it is essential that responsible people observe what is going on and react after the fact as well as before the fact. It is not sufficient to give good direction to people. You must also then observe what they do.

**Mr. Fortier:** You have had a fair amount of experience in the United States. How would you compare our electronic journalists with the American ones you have come in contact with?

**Mr. Chercover:** I would not speak of them in the same breath. The fact of the matter is that this country is better served, by so great a degree, in the area of investigative reporting and responsible journalism in the broadcast media, that you cannot compare them.

I would suggest to you if you were to examine—never mind hard news reporting, anybody can report what happened today in Parliament, what decision was made and what happened on the battlefield—but I would suggest to you that notwithstanding budgets, slickness and all those qualifications, that if you examine the only regularly scheduled public affairs programmes on the two largest American networks and compare them in any respect in terms of social responsibility or quality of journalism with what we do on Sunday nights, you would not put them in the same category.

For example, since the pressure has mounted in the United States, and it has...

**Mr. Fortier:** Do you agree with Vice-President Agnew's criticism?

**Mr. Chercover:** No, I don't. I think that Vice-President Agnew was out of line in respect to the pressures that were put on the broadcasting industry. But before Mr. Agnew's comments and since the Chicago confrontation, the most important item covered on those Tuesday night major public affair shows was the life of a professional football player in documentary form.

Now what possible value did that have? That is not an issue.

**Mr. Fortier:** Do you seek to educate your journalists at CTV?

**Mr. Chercover:** Yes, indeed.

**Mr. Fortier:** How do you do that?

**Mr. Chercover:** First of all, we offer them opportunity to pursue additional studies where such academic approaches appear to be useful to their role.

More important I can name producers and directors and story editors with us now, to whom a very few years ago, coming in from the community, from the academic community as political science majors or from whatever source motivated their interest in broadcast journalism, by all that is holy I should have said "That is very nice. Nice to see you but you don't know one end of the camera from the other. You don't know how to interview. We will see you when you get some training."

We hire young people, quite a number of them, and we start them out in research functions or story editor functions at the junior level. We give them responsibility and after they picked up the ball and run with it for

while and demonstrate they can hang on to that much, we give them an opportunity to expand.

All the while they are doing this they are observing senior people. We bring all our researchers to our weekly programme conferences which follow "W5" unit gathers every week and recaps and tears apart the programme from the previous week. We allow our most junior researchers to criticize the efforts of the producers and story editors and the most senior people.

By criticizing and observing the comments, not only of the units but of the senior people in the news and public affairs area, and my own participation which is quite regular, they are assisted in setting in their own minds a kind of sense of values.

**Mr. Fortier:** Those editorial conferences which you hold every week, do you exercise a right of veto at all in the course of those discussions?

**Mr. Chercover:** I think it would be proper to say that I could but I don't do that. I don't work with my people that way. I try to convince them; I try to argue with them with logic; I try to demonstrate to them where an impropriety or imbalance may exist.

**Senator Everett:** But after having gone through that part of the exercise you have not convinced a particular writer that his course is wrong, do you not at that point exercise the veto?

**Mr. Chercover:** Well, as I said before, I haven't had the occasion to do it before the fact. I have had occasion to insist...

**Senator Everett:** I am talking about before the fact.

**Mr. Chercover:** You cannot tell before the fact.

**Senator Everett:** You are on a story line...

**Mr. Chercover:** On a story line, for instance...

**Senator Everett:** And you decide his is taking the wrong direction?

**Mr. Chercover:** If I argue he says "You have to let me finish the story. You have to let me do the actual filming. We will look at it again on the Saturday preview or the Sunday before we run it to air."

First of all each individual, and it doesn't matter whether it is in the field of journalism or any other field, must have an opportunity to make his own mistakes. You cannot absolutely ensure that there are never going to be any mistakes, because if you do, you limit growth and the contribution of people around you.

If I dictate from my experience everything that happens, keep my lines out at all times to every aspect of our programming schedule, then no one is being trained to possibly step into my position; nobody is experiencing the challenge of the system, facing responsibility to the public and being brought to face it after the fact in the event of a mistake. Mistakes are part of learning and growing.

**The Chairman:** A supplementary. Why did Ken Lefolli suggest that you might want to see that particular last Sunday night programme in advance? I gather he said "would you like to see it".

**Mr. Chercover:** He didn't ask if I would like to see it to suggest that I might want to change it. He said I might want to see it for my own information because I was coming back to talk on the same subject further.

**The Chairman:** You saw it on Sunday night for the first time just as I did.

**Mr. Chercover:** Exactly.

**The Chairman:** Did you think it fair comment?

**Mr. Chercover:** I did. Naturally I was not entirely thrilled by the fact he spoke of "an orgy of self-congratulation".

**The Chairman:** He described your presentation...

**Mr. Chercover:** It is his opinion. I am perfectly happy to let him have it.

**The Chairman:** How about his comments about Dr. Davidson? Were they fair?

**Mr. Chercover:** Since I was there and observed it I would have to say "Yes."

**The Chairman:** Didn't he become rather personal in his reference to the fact that he said it was his opinion that he has been black-balled by the CBC?

**Mr. Chercover:** It is his opinion.

**The Chairman:** Okay. That is fine. Those are the answers that I wanted to get.



**Senator Everett:** I want to come to cable TV, but before I do, at the top of page 9, talking about concentration, you say:

"That is to say, if some of our stations allied themselves in a mini-network through group selling techniques, then we would be opposed to such a development because it is contrary to the *raison d'être* of CTV and the result would be to impair the smaller stations and ultimately cause their service to be adversely affected."

Are you talking about Bushnell Communications Limited?

**Mr. Chercover:** Not necessarily.

**Senator Everett:** Could you be?

**Mr. Chercover:** Could be.

**Senator Everett:** I am also quoting here from an article written by Patrick Scott Oct. 15, 1969 in which he seems to refer to a CRTC meeting; he starts off:

"The foundations for a third Canadian television network were laid here yesterday."

In the middle of the article he says:

"...Chercover, who as president of CTV conceivably turned the first sod here yesterday for his own network's grave."

**Mr. Chercover:** He didn't listen to everything I said.

**Senator Everett:**

"Chercover told the commission that CTV had no objection to the principle of one network affiliate buying another."

**Mr. Chercover:** That is right. There was a rider. He didn't report it but there was a rider. I think it might be useful for me to report it here.

I said to the Commission I had no objection, indeed I saw the benefits that were potentially there in creating larger economic units in order to speculate in programming.

However, I said that if that particular application, which was not then in question at all—if any applicant demonstrates an intent to undertake activities which would be inimical to the interests of the network, that I would be there at the time of that application and I would oppose.

I was referring at that time to the possibility that Bushnell might combine Ottawa and Montreal for sale, to which I would object absolutely and would do so in public and I have the clearance of my board to so do.

**Senator Prowse:** And have now done?

**Mr. Chercover:** And have now done.

**Senator Everett:** I guess you have done great deal, Mr. Chercover, of what you refer to as "co-production"?

**Mr. Chercover:** Yes, we have.

**Senator Everett:** Is this perhaps an answer to the CRTC Canadian content requirements?

**Mr. Chercover:** It is indeed. I have been giving it to them for several days as hard as I know how. But the basic problem is, of course, you cannot do a great many things simultaneously. A lot of people can rub the tummy and pat their head. That is a simple mechanical thing. There are dollars involved here and there is a policy that bankers should not be in broadcasting.

If they propose a quantitative enhancement on the scale which is contemplated, then the resources which we have to devote to speculative ventures, will keep money tied up as much as two or three or four years, in the hope of ultimate return of sales in foreign markets; and it is very much limited.

**Senator Everett:** Does the financing not tend to come from your partner in the States?

**Mr. Chercover:** No. On the contrary, we do not have very many partners who are prepared to put up all the money. We have partners prepared, as partners, to put up a proportion of the money.

I spoke this morning of one dramatic series venture we now have in development at which will be coming this coming fall, a commitment for 195 one-half hours of original dramatic or situation-comedy programming. This is an area we have long wanted to get into. My own background is in that.

I have been very unhappy to have to tell people like John Basset: "Forget your inclinations. You can't afford it." The fact of the matter is we will put more than a million dollars above the normal licensing monies which are normal to the Canadian market for the exposure of a programme of this kind, which is acceptable in the Canadian market in relation to the revenue we can generate.

We will put more than a million dollars in it and be in it and we won't start to recover until some time during next season when we will begin to see a small trickle of money. But the likelihood of our recovering the expenditure is a three to five year proposition.

Everyone in the programme business knows in fact that this is the case. American producers, who have a home market which can generate 200,000 dollars an hour for programming, often find themselves exposed until the programming has gone through the initial network run and is in rerun and foreign syndication. They don't become profitable, they don't get their full investment back in their hands until an extended period of time has gone on.

One of the measurements, it may amuse you to know, of the value of a company in the production business is the extent of their exposure for inventory not yet made, the extent of their financial exposure.

A company, which has no obligations at the bank and no programmes in the process of development and production, is a company that within a very short space of time will cease to exist. A company, that has no assets except future projected assets based on programming but is in debt millions and millions of dollars, may turn out to be a valuable contributor. Programmes have to be manufactured. They take time, energy, money.

Now the answer to the CRTC is in a direct orientation of this category of programming; but unfortunately it is not enough. We have been using every resource at our disposal and building the credentials of the Canadian industry for four years and our volume is quite substantial today in this field and is getting more substantial.

We just announced the first ever Canadian programme produced for a series exposure on an American network. It is a breakthrough—it has never been done before.

**Mr. Fortier:** It seems to me you are almost pleading a case. If this is an unfair question say so. You are almost pleading a case for the big affiliates leaving the CTV network.

**Mr. Chercover:** Why?

**Mr. Fortier:** They are the ones who are going to produce.

**Mr. Chercover:** Their facilities may be used. We produce. We produce the facilities wherever we buy them.

When I use a company like Film House Ltd. in Toronto and my people put the programme together and go out in the film units, is Film House producing or are we?

**Mr. Fortier:** I was going to oppose that to the big affiliates such as the Toronto, Ottawa and Montreal ones being in a position to pro-

duce their own programmes, and then setting them up against those which the network will produce and they will pay anyway.

**Mr. Chercover:** There is not a conflict of that kind. There are never enough programmes produced at this scale and with this amount of investment.

**Mr. Fortier:** That is today but projecting as far into the future as you can...

**Mr. Chercover:** We are a consortium; we are a unit. This is one of the classic tragedies of communication that people don't realize that CTV and its stations are a consortium. They are bound together, they are units.

If we are fortunate enough to have two or more producing units within the structure, who are prepared to speculate with good money and bring programme projects into the network for placement in Canada and at the same time seek, with a great deal of aggressiveness, foreign sale of those properties, or to co-operate with the network or co-finance with the network, it is all to the good.

**Mr. Fortier:** That is the vision you wish to encourage?

**Mr. Chercover:** Yes.

**Senator Everett:** What are some of the figures that are involved in a co-production? How much equity do you have to put in?

**Mr. Chercover:** It varies from one extreme to another. In the case of the dramatic series, our equity position, our full financial commitment from the start of production to the conclusion of production of the full number of episodes planned, will be something in the range of a million and a half dollars.

**Senator Everett:** That will be equity?

**Mr. Chercover:** That is our financial exposure, cash flow. Our equity position will be 50 per cent of ownership world-wide and 100 per cent of the right in perpetuity in Canada. It is actually somewhat more than 50 per cent; but in dollar terms, our equity is, in part, balanced by their ownership of an indigenous or creative element, an artistic property.

**Senator Everett:** So I understand the terms, what is the total outlay for the series?

**Mr. Chercover:** The total outlay will be well over \$2 million.

**Senator Everett:** The question I am asking you is: how will you finance that \$2 million?



**Mr. Chercover:** At the moment I don't know. I frankly don't know. I made the commitment and I don't have the cash. I am going to go to one of our stations and ask for their assistance, ask them to become a financing partner, so in fact CTV's ownership position will be shared with one of its affiliates.

**Senator Everett:** Let's take *Blue Water Gold*...

**Mr. Chercover:** It was a feature film.

**Senator Everett:** We are talking about the past there. What was the total cost of that?

**Mr. Chercover:** Our total involvement...

**Senator Everett:** No. Total cost?

**Mr. Chercover:** The total cost of the programme was in the range of \$450,000.

**Senator Everett:** And you were a partner with Metromedia Producers Corporation, I think, in that?

**Mr. Chercover:** Yes; and our cash involvement was \$100,000 plus staff.

**Senator Everett:** How did you finance that \$100,000?

**Mr. Chercover:** That \$100,000, I was able to take out of our limited cash flow position and actually directly invest. There is no other partner.

**Senator Everett:** If you had not been in that fortunate cash flow...

**Mr. Chercover:** I was not. I had to go to the bank.

**Senator Everett:** Would you have had any difficulty financing that \$100,000?

**Mr. Chercover:** Not only difficulty, it would have been impossible. I don't know of any banks interested in going into this speculative field of activity.

**Senator Prowse:** You just said you borrowed from the bank.

**Senator Everett:** There were lots of angels on Broadway.

**Mr. Chercover:** I know that. The very simple fact is we would never have been able to achieve it. We went to the bankers and said we would like to expand our line of credit and they said "What for?"

**Senator Everett:** That may have been the result of the present tight money policy.

**Mr. Chercover:** They said "What for?" I said "Because we are undertaking a number of these ventures. We have been successful and here is one showing a profit and now all of those profits are not going back into the consortium. We are going to have a co-production pool so we can undertake more such ventures."

They said "It is nice but you can't have some more money at the moment."

**Senator Prowse:** You just said you borrowed the money.

**Mr. Chercover:** I have a line of credit with the bank now which fluctuates up and down with our receivables.

**Senator Prowse:** The bank did finance?

**Mr. Chercover:** In fact. I was not able to get them to expand that line of credit so I could undertake more ventures in this field.

**Senator Everett:** What proportion of ownership of the show have you got for the \$100,000?

**Mr. Chercover:** Plus staff and personal function; the total was one-third of the equity. We got more equity than our dollar contribution proportion.

**Senator Everett:** That was shown on ABC and CTV.

**Mr. Chercover:** That is right.

**Senator Everett:** What of the \$450,000, have you recovered on that?

**Mr. Chercover:** The American partner, in the portions which they controlled, went considerably overbudget. The ultimate licensing income that we have achieved so far was \$450,000 from the ABC and we allocated, internally, \$25,000 of our cash investment as licensing for the Canadian market.

The fact of the matter is the programme costs ultimately incurred by the Americans. They did not over-spend on the portion we had control of, which is all the lab work, film stock, editing, track laying, second unit film crew which we sent to location etc. We controlled our portion of the budget beautifully. As a matter of fact there was a slight surplus at the end but they blew their portion substantially. They are about \$200,000 away from achieving the recovery position on their portion of it. We did recover. We did control ours and we did recover \$25,000 in effect on the bookkeeping via licensing which we allocated.



Our normal purchase of the feature film would be under that level but then there are no Canadian feature films, but our two, that we have been able to buy for Canadian television.

**Senator Everett:** I am sorry, I haven't followed you. I will have to go back again.

You have a hundred thousand dollar investment in this film?

**Mr. Chercover:** That is right.

**Senator Everett:** You did not overspend your budget?

**Mr. Chercover:** That is right.

**Senator Everett:** What return have you had on the hundred thousand dollars?

**Mr. Chercover:** None. Yes, I am sorry, we have had beneficially the \$25,000 license fee we have allocated so that we could broadcast the programme.

We have allocated \$25,000 of the \$100,000 investment to licensing. When we are producing or a partner in a production venture, we must take off our broadcaster's hat and put it aside briefly. We set up a venture where there are two producing partners and whatever proportions we can negotiate which are appropriate are achieved.

Then CTV has to say to itself as a producer: "How much is this worth in relation to the normal licensing pattern?" We cannot cheat our stations or we cannot cheat ourselves by saying we won't charge any license for the use of that property in Canada.

So we in fact charge ourselves a license fee, quite properly, for the use of the programme, for the exposure of the programme in Canada.

**Senator Everett:** What was the total cost of the package?

**Mr. Chercover:** My understanding is that including our \$100,000 commitment they went well over \$700,000.

**Senator Everett:** Now presumably there has been revenue from that?

**Mr. Chercover:** Yes, \$450,000 from the ABC network. We have not as yet arranged theatrical release or television release in foreign markets nor have we had second release in the United States.

There is a pre-commitment for ABC O & O stations and Metromedia O & O stations,

to take third and fourth runs on the title. The other part of this venture...

**Senator Everett:** Added to that was the \$25,000 licensing fee?

**Mr. Chercover:** That was out of our hundred. It was an internal allocation out of our 100,000. It is very complicated.

**Senator Everett:** Well, we will go back at it again. 450,000 is...

**Mr. Chercover:** Is the original budget.

**Senator Everett:** The net revenue so far?

**Mr. Chercover:** That is right.

**Senator Everett:** In terms of your original budget you have got your investment back if you had not overspent?

**Mr. Chercover:** No, no. We haven't got any portion of our budget back because after they exposed us to their overexpenditures they prevailed upon us—I suppose we could have argued that "You made the mistakes, gentlemen, without any help from us. It is too bad"; but the relationship goes much further than one programme.

We said "Very well, you overspent the budget. We will allow up to this amount. Before we can start recovering on our investment we have to see you recover your original commitment."

We have also gotten an agreement from them to the effect after they have recovered investment we will get first dollar recovery but we are a distance from that and I doubt if we will ever achieve it. I don't think we will ever actually come out on this property.

There is one advantage I think I should further mention to you. As you probably know, many programmes are piloted for series consideration via the feature film route. This property was one such programme and it is still in consideration by the American network as a series. We will automatically be a partner in ownership of the series rights in the event that this does go forward.

That is a very speculative advantage but it is there.

**Mr. Fortier:** May you not make the decision yourself and then bring your American partner along with you?

**Mr. Chercover:** No.

**The Chairman:** I am going to suggest that we attempt to finish the whole session prior

to dinnertime and that being so I think we might adjourn now, to give our reporter a break. We will reconvene here at 4.20 and go through until 6 o'clock.

If we have to come back, we will but it may be that by 6 o'clock we can finish. I would like to adjourn now for eight minutes and will the Senators please be back at 4.20.  
...Short adjournment

**The Chairman:** I would like to call the session back to order. Do you have more questions, Senator Everett?

**Senator Everett:** I have a thousand more.

**Mr. Chercover:** May I make a comment to Senator Everett?

**The Chairman:** Yes, of course.

**Mr. Chercover:** I wish he had chosen one of our successes rather than one of our failures.

**Senator Everett:** In future I will.

**The Chairman:** Senator Everett, carry on.

**Senator Everett:** I yield to Mr. Fortier, Mr. Chairman.

**Mr. Fortier:** Thank you, Senator.

Mr. Chercover, you have a competitor, I believe, who goes by the name of CBC.

**Mr. Chercover:** I have heard something about that, yes.

**Mr. Fortier:** CBC stands for what? Canadian Broadcasting Corporation. What does CTV stand for?

**Mr. Chercover:** C (no period) TV.

**Mr. Fortier:** Didn't it used to be Canadian Television?

**Mr. Chercover:** It never was. That appellation has been appended, thank heaven, by a lot of people who call us Canadian Television Network Limited. Our corporate name is CTV Limited.

**The Chairman:** You were never...

**Mr. Chercover:** No. Don't tell anybody. I like it the way it is.

**Mr. Fortier:** Is CBC a fair or unfair competitor?

**Mr. Chercover:** Unfair.

**Mr. Fortier:** In what way?

**Mr. Chercover:** It is very simple. The CBC utilizes the public fund to provide services to the advertising community at a more beneficial rate than would be normal if they had to operate within the confines of a normal undertaking.

**Mr. Fortier:** In the long run is that not beneficial to you and me as taxpayers?

**Mr. Chercover:** No.

**Mr. Fortier:** Why not?

**Mr. Chercover:** There are several factors. The first is, that if in addition to effective subsidization of the advertiser, it is giving him cost efficiency which is superior to that he could normally experience in buying his time, it is clear that more dollars should flow to the corporation, thus providing greater relief to the taxpayer.

But more important, in the purchase of foreign programmes, the CBC has been reluctant—and I don't blame them if they can avoid it—to precisely define their actions in this area. They spend on an average twice as much as we do and the market dictates the terms under which you buy foreign programmes.

Now they have been known to lift properties from CTV in the past and it doesn't bother us. We then let them place them as effectively as they wish and then beat them with whatever we have left. That is another issue.

Let me put to you a rhetorical circumstance. If the CBC were told or decided on its own to set up a completely separate operating commercial division, and they were told that within that division, or that division was instructed that its end goal was to break-even or make a profit but they had to meet the obligations of licensing which apply to us or to anybody else operating in this area; if they could have a mixed bag of hours similar to ours, 25 hours or prime and non-prime Saturday morning for children and afternoon for women or whatever, the balanced kind of commercial service that is required for the advertising of the various products that are usually advertised on television; and if they then went to the Corporation, and said: "We want to use the facilities of studio 7" and the amortized rate of that facility, including capital depreciation, heat, light, power, et cetera—the usual way in which you pro rate the use of a facility—were paid back to the mother corporation; if the manpower rate

were paid, including 4 per cent for vacation and all the benefits included in the union agreements; and if they were to make their programmes, as any other producer has to, in the market place and then allowed to buy their programmes from foreign sources at whatever price they wanted to; if they were allowed to price their time to the advertiser at whatever price they wanted to; so long as they hit the bottom righthand corner with a break-even or profit they would be competitive in a proper sense and they would not be representing a subsidy or drain on the taxpayer to provide for advertising services at a lower rate than the advertiser can get otherwise.

**Mr. Fortier:** Is that the role you would like to see the CBC play?

**Mr. Chercover:** Yes. We would not like to see the CBC entirely out of advertising, frankly. I think that it would be damaging to the general welfare of...

**Mr. Fortier:** The general industry?

**Mr. Chercover:** Of the entire industry.

Incidentally, while it is popular in some circles to denigrate advertising, we have acknowledged the Act and the White Paper before it, visualized and anticipated the selling of goods and services and the proper execution in the community, under controls, so there is not improper representation or products that are harmful or whatever. They envisioned that continuing and providing the funds necessary to maintain this rather unique mixed system that we have in Canada. I don't argue with that. I think that is a proper approach.

I don't argue that the CBC should go entirely into 100 per cent Canadian minority interest kind of programming. There are people who put that position forward.

It is interesting to me when you read the Act very carefully you will find under section 2(d):

"the programming provided by the Canadian broadcasting system should be varied and comprehensive and should provide reasonable, balanced opportunity for the expression of differing views on matters of public concern, and the programming provided by each broadcaster should be of high standard, using predominantly Canadian creative and other resources;"

Now that applies to the entire system and it applies equally to us as it does to the CBC.

Now when we get down to the establishment of the corporation under 2(f) it says that there should be provided through a corporation established by Parliament for the purpose a national broadcasting service that is predominantly Canadian in content and character. That is where that phrase applies. It doesn't apply to the entire system. It applies to the CBC.

**Mr. Fortier:** As you well know, I am sure, Mr. Juneau finds similar purport earlier in section 2.

**Mr. Chercover:** He fails to quote the entire paragraph.

**Mr. Fortier:** We had a long discussion with him on that.

**Mr. Chercover:** The paragraph says the "system should be effectively owned and controlled by Canadians so as to safeguard"... That is an ownership directive. It is not a content directive, at least in my semantic reading.

**Mr. Fortier:** I am happy to say I agree with you on this count.

**Mr. Chercover:** I am happy you say that too.

**Mr. Keith Campbell, Vice-President of Marketing:** If I may expand on that...

**The Chairman:** Yes, Mr. Campbell.

**Mr. Campbell:** An example of the kind of stand, the CBC puts forward in the City of Montreal, which is a competitive market in an all media sense, our affiliate there is CFCF and the rate, as you know, is \$525 for a 60 second announcement.

On an average in prime time, our affiliate delivers about 121,000 homes. CBMT, which is the English language competition provided by the CBC, has an average audience of about 91,000. There is a marked differentiation there. The rate the CBC charges for a minute in that segment is \$325.

Moreover in the French sector, CFTM, which is an independent station, as you well know, has an audience of 255,000 prime time. Their rate is \$750 a minute.

CBFT, only 20,000 homes lower, they are delivering 230,000 homes in prime time and their rate is exactly half, \$375.



**Mr. Fortier:** What about the argument which I have heard adduced by the CBC, that it keeps the competing CTV affiliate more honest?

**Mr. Campbell:** I see nothing honest in giving away your inventory.

**Mr. Fortier:** Meaning if it were not for the CBC low-cost of advertising, CTV affiliate's costs would be even higher than what they are today?

**Mr. Chercover:** I don't know where the argument comes from. I don't know what justification there is for it. The fact of the matter is advertising efficiencies are measured—and Senator Davey certainly knows this—on the basis of cost per minute efficiencies depending on a demographic breakout that you want and region frequency studies and so on. The fact of the matter is, and Mr. Campbell can do this better than I, the average cost per minute on the CBC competitive to CTV runs in the range of \$2.80 compared to \$4.20.

**Senator Prowse:** Is that stations or persons?

**Mr. Chercover:** Networks. Costs per thousand delivered, network to network comparison, \$2.80 a thousand.

**Mr. Campbell:** The full network rate costs per thousand for CBC is \$2.80. Metro net is \$4.82.

**Mr. Chercover:** Whichever you prefer.

**Mr. Campbell:** Certainly if we were terrified by the CBC and let them set our rates for us...

**Mr. Chercover:** We would not be able to do what we are doing.

**Senator Everett:** What is the prime time spot rate on CTV?

**Mr. Campbell:** Thirty-five hundred one-time rate, reduces to twenty-eight hundred with applicable discounts for long term.

**Senator Prowse:** Thirteen or twenty-six?

**Mr. Campbell:** Metro net seventeen hundred to about fifteen hundred, depending on the particular discount structure.

**Senator Everett:** What is CFTO?

**Mr. Campbell:** \$600. CBLT is \$475.

**Senator Everett:** CBW?

**Mr. Campbell:** CBW, Winnipeg. That I will have to look up.

**Senator Everett:** CJAY?

**Senator Prowse:** Mr. Chairman, I have a question when he gets through with this.

**The Chairman:** If yours is a supplementary go ahead while he is looking it up.

**Senator Prowse:** What is the total income spent on TV advertising in Canada in the last year for which there is a record?

**Mr. Chercover:** 130 million.

**Senator Prowse:** Out of that 130 million, 35 million goes to CBC?

**Mr. Campbell:** They report 34.8.

**Senator Prowse:** You get 100 million?

**Mr. Chercover:** We don't get 100 million. All the private stations in Canada, including the CBC private affiliates, all our private stations, which number 12, and CTV combined, get the rest.

**Senator Prowse:** You know what I am getting at because I don't have to draw you pictures. Out of this whole thing, if CBC got really competitive and started to take their full crack out of it, there would be a lot less left unless somebody had a lot more to spend. Isn't that right?

**Mr. Chercover:** No, I don't think so. I don't think they would take much more out in terms of deleting it from the rest of the system. If an advertiser is prepared to pay \$4 per thousand or better for audience delivered he doesn't care who is delivering it. He will be on CBC.

At the moment they are taking advantage of a cheaper rate. I think there are more advertising dollars to be spent in Canada so long as the efficiency remains within the range which I have described.

**Senator Prowse:** What you are saying to me now is that the CBC could be making more money by charging higher rates for advertising without interfering in any way with the income available to the private stations?

**Mr. Chercover:** That is my opinion.

**Senator Prowse:** Could you give me an estimate as to how much more? This could be important to the taxpayer.

**Mr. Chercover:** I am sure it could. I couldn't be accurate in this area.

**Senator Prowse:** You can be pretty accurate, Mr. Chercover. I don't think anyone has any illusions about your ability to be accurate.

**Mr. Campbell:** If you add even 15 per cent to the CBC rate you relieve the taxpayers of \$6 million right there. We should not comment on it but the fact is the CBC, by their own statistics, announced their sales cost and it is interesting to note that the CBC spends 8½ cents or better, that is a conservative estimate, out of every income dollar on what they called direct sales costs. We do it for 3 cents.

**The Chairman:** How do you do it for so much less?

**Mr. Chercover:** It is not an unusual figure.

**Senator Prowse:** Three cents?

**Mr. Chercover:** Yes.

**The Chairman:** Why is theirs so high?

**Mr. Chercover:** I don't operate there.

**The Chairman:** Now you fellows both know...

**Senator Prowse:** Any fellow who is as good as this fellow...

**The Chairman:** You have worked for the CBC and Keith Campbell has...

**Mr. Chercover:** He was stolen from the CBC. As a matter of fact he was such a good buyer we had to hire him. He was probably the most resented buyer in the country. He used to buy more efficiently on behalf of his advertisers, even from us, than anybody else in the business.

I would be misleading you if I said I could give you an estimate. I think if I can tell you we can sell \$4.20 per thousand as a reasonable rate and achieve a reasonable percentage of sellout, you can take that kind of factor against their \$2.80 or \$2.82 and simply apply it to their total revenue, it seems to me.

**The Chairman:** I would remind Senator Prowse that he is not the questioner. You are still on a supplementary question.

**Senator Prowse:** If I am out of line I will get him later.

**The Chairman:** Finish it off.

**Senator Prowse:** What I want to know is this: you sell advertising at \$4.20?

**Mr. Chercover:** Yes.

**Senator Prowse:** And the CBC sell it at \$2.82?

**Mr. Chercover:** That is right.

**Senator Bourne:** Practically 33 per cent cheaper?

**Mr. Chercover:** That is right, sir. If you take 33 per cent of their current revenue you can see the saving that might be effected or the enhancement of service that might be effected.

**Senator Prowse:** Do you have against that your cost of sales?

**Mr. Chercover:** Certainly.

**Senator Prowse:** Yours is what?

**Mr. Chercover:** Three per cent.

**Senator Prowse:** Can you put it into a line that I can equate here?

**Mr. Campbell:** Three cents of every dollar that comes in.

**Senator Prowse:** How many dollars come in?

**Mr. Chercover:** It is very simple, sir. We cannot obviously project the amounts of money coming into the stations but at the network level, I think it is now generally public knowledge that our direct income, from the sale of advertising, is in the range of 14 million of net agency commission exclusive of special events such as football.

**Senator Everett:** I think the point he is making is if you can say that the cost per dollar of sales of CTV is three per cent, then the CBC is 8½ per cent and then you can give the total dollar sales on which that is based.

**Senator Prowse:** From that you can come back.

**Mr. Chercover:** I just did.

**Senator Prowse:** No. Just a minute. Let me do this. I am told now that your cost of advertising is \$4.20 per thousand for sales.

**Mr. Chercover:** No, no. Excuse me, sir. Our cost per thousand delivered average to the advertiser on the rates that we utilize sale on is \$4.20 per thousand.

**Senator Prowse:** All right. Now what is the same cost if I were buying advertising on the CBC?

**Mr. Chercover:** At the moment \$2.80 to \$2.82.

**Senator Prowse:** Now the cost of sales for the \$4.20 income for you is what?

**Mr. Chercover:** Three cents on every dollar.

**Senator Prowse:** Ah, come off it. Let's come back and put it on the mill line rate.

**The Chairman:** No, wait a minute, Senator Prowse. I know what you are after...

**Senator Prowse:** I know what I am after too.

**The Chairman:** I think Mr. Chercover has given you the answer.

**Senator Prowse:** He has not answered. I don't have all his figures and I am not about to do all the arithmetic. He can do it quickly now and he knows the answer.

**Mr. Campbell:** You are attempting to relate efficiency of what the advertiser is buying to cost of CTV or CBC and selling it.

**Senator Prowse:** That is your price of sales.

**Mr. Chercover:** That is cost to the advertiser. It has nothing to do with our cost of sale. Our cost of sale is applied against our net revenue from sales. I say our net revenue from sales...

**Senator Prowse:** You are playing semantics with me here.

**Mr. Chercover:** No, I am not.

**The Chairman:** I don't think he is.

**Senator Prowse:** I think he is.

**The Chairman:** We can't spend all afternoon on this, Senator Prowse.

**Senator Prowse:** Senator Davey, with all respect, I think this is something that anybody can understand and it is very simple. We were told here that the income from sales works out at a basis of \$4.20 per thousand customers.

**Mr. Campbell:** No, sir.

**The Chairman:** That is not it at all.

**Mr. Campbell:** Our income is roughly \$14 million. Of that \$14 million we spend about \$420,000 convincing advertisers to spend \$14 million. It happens that what we deliver costs them \$4.20 per thousand.

**Senator Prowse:** If you had to pay income tax on this basis you would figure it out that quick. You say that what your income is, is you get \$4.20 per thousand listeners per minute. Is that right?

**Mr. Campbell:** If you want to work it on a mill line rate what we would have to do for you is take \$14 million and multiply it by \$4.20, divide by a thousand, and take three per cent.

**Senator Prowse:** Could you do that quickly?

**Mr. Campbell:** I think what you are trying to ask is how much money do we make. That would have been an easier question to answer.

**The Chairman:** Senator Prowse, I have been very patient, I think. We have now dealt with this for 15 minutes and we haven't any longer. I know what you are trying to do. It is obvious the answer that you would like to get, you are not getting. I don't think the witnesses are purposely not giving you the answers you want. I think there is a misunderstanding of terminology.

**Senator Prowse:** There is a hiatus here.

**The Chairman:** "Hiatus" might be a good phrase, and I don't want to extend the hiatus until the time of adjournment and therefore I am going to move away from this, with your forbearance.

Senator McDonald had a supplementary question.

**Senator Prowse:** Maybe I could write a letter to Mr. Chercover and he will write me back.

**The Chairman:** I think that is not a capricious suggestion.

**Senator Prowse:** I am not being capricious.

**Mr. Chercover:** I understand that. I have tried to answer. I have given you the figure of total income from regular sale of time, net after agency commission, and I also gave you the percentage of that which is applied in the area of sales costs.

**Senator Prowse:** May I ask one final question? If the CBC increased their cost of advertising...you are saying now that they are selling at \$2.82 where you are selling at \$4.20...supposing CBC took their rate from you and went up to \$4.19, which would still give them advantage, wouldn't the money



they got be subtracted from the amount of money that you have?

**Mr. Chercover:** No, sir. We are dealing in many instances with the same advertisers. The advertisers look at their placements first on the CBC, because they can get cost advantage, but they are still prepared to buy from us and from some of our stations at cost efficiencies in the range of \$4 and higher, \$4 a thousand and higher.

As a matter of fact if you get into the Toronto market, \$8 a thousand is not at all unusual with the fragmentation that exists in that market. No problem at all, you can get it. CFTO does and so does CHCH and CBLT. CBLT is lower than either two in rate.

The fact of the matter is advertisers will drop off and drop out of television after the top range of \$4 to \$5 is reached on a national level. They will drop out of Calgary and Regina a lot earlier than they will drop out of Toronto. It is not until it starts to reach \$6 to \$8 a thousand. It is more costly to advertise in a community like Toronto, which has multiple services, so they are prepared to pay more. They withdraw those funds from the peripheral or minor markets.

The fact of the matter is if we can get this kind of cost efficiency and sell to the advertising community, there is no reason that CBC cannot either. Obviously if other media were more efficient than CTV at \$4 per thousand they would be using other media. No one requires them to use television and if \$4.20 per thousand were not saleable CTV would now be bankrupt.

**Senator Prowse:** The reason we buy stuff at a certain price is because we get certain coverage. If we buy something else it is because we get additional coverage.

**The Chairman:** Mr. Chercover, you will not be surprised when you get a letter from Senator Prowse and you will answer it on a confidential basis?

**Mr. Chercover:** To the best of my ability.

**Senator Prowse:** I will even write a letter to the Chairman before this thing is over.

**Senator MacDonald:** When did CTV become a national network, what year?

**Mr. Chercover:** In fact, when it started. With its eight stations, it was national to the extent it covered from Halifax to Vancouver.

**Senator MacDonald:** What year was that?

**Mr. Chercover:** 1961.

**Senator MacDonald:** What were your rates per thousand in 1961?

**Mr. Campbell:** It is a little difficult to relate it to network circumstance because at that time we were selling programmes and costing programmes in addition to time but I can give you an index from 1961 through to 1969.

In 1961 the minute prime time rate would be about \$1,550. It is \$1,543. It is now \$2,930.

**Mr. Chercover:** If I may also point out, in the intervening period we did not have coverage in Kitchener, Regina, Moose Jaw, St. John's Newfoundland and a number of other territories.

**Senator MacDonald:** When did you finally plete the coverage you have now?

**Mr. Chercover:** 1966.

**Senator MacDonald:** When did you finally come up with the coverage you have today?

**Mr. Chercover:** The last implementation of additional coverage was last September when we got the St. John-Moncton markets. All through the period, in each year from the time we started, there has been addition.

**Senator MacDonald:** If I may interrupt you, a moment ago you told us in 1961 you had eight stations covered across Canada.

**Mr. Chercover:** That is right.

**Senator MacDonald:** At what date did you add an additional group that gave you more national coverage almost complete national coverage? I am not talking about additions you made from year to year since.

**Mr. Chercover:** We didn't ever add a group. We added station by station or satellite or re-broadcaster by re-broadcaster. There was no specific period at which some magic thing happened and we expanded.

**Senator MacDonald:** You gave me a figure a moment ago of \$1500. I didn't quite follow you. You said in the period 1961 to 1969... Would you repeat that, please?

**Mr. Campbell:** In 1961 the cost of buying a minute on all stations that represent the network today would have been \$1,543.

**Senator MacDonald:** \$1,543?

**Mr. Campbell:** Per minute.

**Senator MacDonald:** What is the cost to buy that coverage today?

**Mr. Campbell:** \$2,930 a minute.

**Senator MacDonald:** What was the cost in CBC in 1961?

**Mr. Campbell:** CBC Metro...

**Senator MacDonald:** Never mind Metro, all stations?

**Mr. Campbell:** You cannot examine all stations because CBC have privately-owned affiliates. You have to look at CBC owned and operated stations. \$1,238 in 1961 and in 1969 \$1,815.

**Senator MacDonald:** I am more confused than ever.

**Senator Prowse:** That is the purpose of the exercise.

**Mr. Campbell:** Not at all, sir.

**The Chairman:** I think that is very unfair, Senator.

**Senator MacDonald:** If you could buy on CTV all stations in 1961 for \$1,543 vis-a-vis \$1,238 CBC owned and operated stations, and that increased by 1969 or 1970 to \$2,930 on CTV versus \$1,815 on CBC.. what I am trying to get at is has the increase in cost per thousand been relative on CTV and CBC over this period of your existence?

**Senator Prowse:** These figures are not per thousand.

**The Chairman:** I think Senator Macdonald understands the answer. Do you understand the question, Keith?

**Mr. Campbell:** Yes, I do. I cannot go back to 1961. I can go back to 1965.

**Senator MacDonald:** Fine.

**Mr. Campbell:** In 1965 our CPM was \$3.15. Because of accelerated costs we had to recover more revenue so in the following year our rates went up, our spot became \$3.72; the next year \$3.84; the next year \$3.94; and we are now above \$4.00.

The CBC in 1965 was \$4.47; in 1966 was \$4.20; then \$3.64 and now \$2.82.

**Senator MacDonald:** Those are very interesting figures.

**Mr. Campbell:** They are.

**Senator MacDonald:** Over this period what happened to the subsidy paid by the Canadian taxpayers to the CBC? Has it gone up or down?

**Mr. Chercover:** I am sure you know the answer.

**Senator MacDonald:** If I did I wouldn't ask the question.

**Mr. Chercover:** It has gone up. It has gone up substantially. Five years ago I think it was 104 million and it is up to 166 million in the current level.

**Senator MacDonald:** Thank you very much.

**Mr. Chercover:** I think there is another point which may be illuminating in respect to this and it is a very simple point.

Since we have brought everything down to the final position insofar as the advertiser is concerned, that is to the position of cost per thousand, it is also interesting to note that to achieve this kind of efficiency, this reduction in cost to the advertiser, has meant the CBC has had to sell more and more of its inventory and increase the number of commercial minutes per half hour during this period.

While doing so they have put out minor rate increases which when you factor with the increased number of minutes the advertiser acquires for the increased rate in fact turns out to be a continuous reduction in rate or cost to the advertiser.

**The Chairman:** Senator Everett has indicated he would like to ask a question.

**Senator Everett:** I would like to get on now to CATV situation. As I understand it, Mr. Chercover, CRTC has published a policy regarding CATV.

**Mr. Chercover:** Several of them.

**Senator Everett:** The part of the policy I think we are interested in is that portion which limits importation of U.S. stations on CATV networks, that requires the CATV operator to black out—

**Mr. Chercover:** That is the most recent one.

**Senator Everett:** —certain portions of the imported shows and encourages also the CATV operator to take an interest in programming and in fact I think he is encouraged to programme during these blacked-out portions.

**Mr. Chercover:** He is also encouraged to form networks in order to put...

**Senator Everett:** Can you tell me first of all whether CTV is in favour of the policy enunciated?

**Mr. Chercover:** We are in principle in favour. At the same time, reporting or speaking to a group such as this, concerned with an overview, I don't believe it is fully implementable.

You see the whole matter began with the removal from the Department of Transport, of the responsibility of licensing CATV and the application under the new Act to the CRTC.

Licensing proceeded after the establishment of the CRTC at a fair pace. It was only after the effect of fragmentation in the major markets, in the border areas and the increasing viewing of American channels began to be felt, that the Commission took consideration of this; and pressure began to mount in non-border areas for access to American signals, so those citizens could be equal with their cousins in the border areas. I am sure you are all familiar with that debate.

CRTC established a review policy with respect to the extension of service and then subsequently in relation to the issue of use of microwave, in association with CATV undertakings, to import foreign signals into the non-border territories. They held three consecutive hearings, or two rather, on the subject of those policies to be developed.

As a result they came out with the December announcement which said CATV undertakings would not be licensed to use microwave for the wholesale importation of American channels and what it would do to the Canadian system.

Subsequent to that December decision there was a good deal of unrest and unhappiness and what I call backlash of public reaction in these remote areas, saying why are we not able to have these things?

The Commission then came out in April with a new set of guidelines which did contemplate the use of microwave; did contemplate importation of foreign programming; but in order to protect the system envisioned and described in the Act for the purpose of creating a national identity and so on, they added this new twist, which was to preclude the border operators, even the ones in the border territories, from carrying programmes which were carried by the two Canadian networks.

That is a beneficial policy insofar as we are concerned. However, it is a policy which I don't believe the public will sit still for.

For example, I don't know how many cable connections there are in Canada but the penetration in Vancouver is quite substantial and many of these people have either torn down their own towers and antennas or paid a substantial amount of money for connections and service.

They are going to be told, if the policy is implemented, that they can no longer have the services which they have elected. No one is going to tell them not to put up another antenna.

**Senator Everett:** How many channels can they bring in in Vancouver?

**Mr. Chercover:** They can bring in actually four from the Seattle-Tacoma area and one from KVOS but the KVOS is a prime signal anyway.

**Senator Everett:** Can you get those on an antenna?

**Mr. Chercover:** Yes. There are only certain areas in Vancouver proper, that you can get adequate signals with a normal home set. Before CATV in Vancouver, the stations from Seattle-Tacoma were border-line; they were always reported in the rating books as "Too few to be calculated." They were just a minor kind of penetration. Someone who put up a tower and rotor could bring them in, but most average viewers would not go to that trouble until colour came along. They were not a significant factor in the Vancouver market.

When CATV began to proliferate they became a very important factor.

**Senator Everett:** The Seattle stations?

**Mr. Chercover:** The Seattle stations. Not even the Bellingham station. The Bellingham station, being a Vancouver station, suffered badly as did the two Canadian stations. Nonetheless the effect overall was reduction in viewing of the Canadian stations of some considerable substance.

**Senator Everett:** You think the policy of limiting that to one commercial channel is not viable?

**Mr. Chercover:** I cannot say that it is not viable. Let me put it to you this way, sir. You have seen the reaction on the part of the public who were deprived of something they



never had, from Calgary and Edmonton and St. John's et cetera. Now tell me what the reaction is going to be when you try to take it right away from the guy who has got it. You will remember the backlash on channel 3.

**Senator Everett:** Your suggestion is they will have to open up again?

**Mr. Chercover:** Right now we have Members of Parliament reporting for their constituencies in the border territories, complaining about the loss of service not yet rendered. This is the Calgary-Edmonton situation.

**Senator Prowse:** You are among friends now.

**Mr. Chercover:** I know. I understand. You go to the issue in Toronto—I cannot speak for the Toronto Members of Parliament. I know some of them but I cannot speak for them.

When their constituents start to say "What do you mean? I have torn down my antenna and cleaned up and signed up for this service and now I have to put up an antenna again"—they are not going to go without, if it is in the atmosphere.

My circumstance is interesting. It is different because as a professional I have to watch everything that is going on and I watch a great deal when there is a major event of some significance under way.

I may have four television sets, little portable ones, lined up, and I am watching what everybody is doing. I have had a system on my home, because I live in downtown Toronto. I watched the towers rise in St. James Town and I could watch them on my television set because my signal was deteriorating. I had a tower and a master system with a head for each channel, an amplifying system and coaxial cable throughout the house and a rotor for my colour set. I had \$1800 on my roof. Now it is not there any more. I took it down two years ago when I signed a cable contract. I gave the pieces to my engineering staff and they put it up on their houses.

That is fine. I am going to have to put it back again if I find there are key programmes I cannot watch when I want to watch them.

**Mr. Fortier:** That is the key. You will have access to the programmes.

**Mr. Chercover:** Exactly.

**Senator Everett:** Not in every case. Dealing with the one policy, the blackout policy, you will; but you won't have control over the time.

**Mr. Chercover:** That is right.

**Senator Everett:** If they limit it to one channel, there are certain programmes you won't even get.

**Mr. Chercover:** It goes even further. If you remember the guidelines there was a suggestion, and I don't disagree with the suggestion. Let me make it very clear, I am trying to point out that my interests, my company's interest, the corporation that I serve, the interests of the broadcasters and the interests of this Act would be best served by this policy.

However, I have heard the phrase expressed, as I am sure you have, the "art of the possible." What can you take away from the people and still make it work? We know that the public response to issues moves the political system. The political system may be forced to say "We are sorry. This policy cannot be implemented."

The other part of the policy dealing with the O'Leary Commission and Section 12A of the Income Tax Act, the suggestion was made in the guidelines they might elect to direct cable operators to delete from their systems, services from an American outlet which sells in Canada. There goes 2, 4 and 7 in Toronto. There goes all Tacoma-Seattle stations and Pembina, North Dakota.

**Senator Everett:** Is your 55-60 per cent coverage that you foresee when the urban population reaches 80 per cent of the country, is that based on the CRTC guideline?

**Mr. Chercover:** No. As a matter of fact that is a projection which I think you will find some support for—it is a penetration study both for Canada and the United States. The Americans don't expect CATV to achieve better than 55 per cent coverage ultimately either.

**Senator Everett:** As I understand it when people go on cable, their tendency to watch American programmes increases. Is that a fact?

**Mr. Chercover:** That is a factor and can be demonstrated. I have statistical tables to show in the border areas what has transpired over the past few years. I will pull one out and leave it with you, if you like.

**The Chairman:** We have a number of cable people coming before us for the balance of the week and we would be very interested in having it.

**Mr. Chercover:** This is a very, very simplified table and Mr. Campbell can do a much more expanded demonstration of this. It is Exhibit 9 to our submission to the CRTC.

**Mr. Campbell:** Incidentally, it is not just true in the border areas. We don't call London a border market.

**Mr. Chercover:** Before I leave this, this is the table.

This takes you from 1965 through to 1970 in the Toronto and Vancouver markets showing the audience percentage shares of both Canadian and U.S. television stations. In Toronto, Canadian stations had 55 per cent in 1965 increasing to 69 per cent in 1968. That was the peak. That was the "Battle of Buffalo" that you heard about. When did cable really start to achieve penetration in Toronto? 1968. In 1969 Canadian stations dropped to 67 per cent from 69 per cent. In 1970 they dropped to 59 per cent. When you look at the U.S. percentages they correspond exactly.

When you go to Vancouver, it is even earlier. The Vancouver system is the longest established and has the heaviest penetration of any metropolitan center in North America, not just in Canada.

**Senator Macdonald:** How do you classify Ottawa? Is that a border area?

**Mr. Chercover:** It has not been up to now but I can assure you that Mr. Griffiths, who didn't concern himself with pre-release before the establishment of cable, is now demanding pre-release like all the other stations.

**Mr. Fortier:** Mr. Chercover, you were quoted in the *Toronto Telegram* some months ago as seeing a growing demand from the public for what you call "social orientation programming".

You went on to say: "Most program directors underestimate the capacity of the audience."

**Mr. Chercover:** Quite right.

**Mr. Fortier:** You have always heard the classic "they are all 12 years old out there, let's feed them the mindless whatever it is".

Again you continue: "I don't believe that. I can show you graphically the growth in interest in information programming..."

I am sure the members of the Committee would love to see this graph.

**Mr. Chercover:** I don't have it with me but I will give you some specifics.

1965 was the first year for the National Geographic series, the series which deals with the origins of man, the insect world, the nature of our environment, and it is a good programme series. I don't care where it comes from. In 1965 that programme enjoyed, as a short series of specials, approximately 19 per cent less viewers than the average prime time entertainment programming.

In 1969 those same programmes from that same series—I don't mean identical but the four episodes broadcast from that series in the season 1968-1969—enjoyed 23 per cent advantage, superior to average prime time entertainment programmes.

PRIME TIME AUDIENCE PERCENTAGE SHARES  
CANADIAN VERSUS U.S. TV STATIONS

TORONTO						
January	1965	1966	1967	1968	1969	1970
*Canadian Stations.....	55	60	63	69	67	59
**U.S. Stations.....	45	40	37	31	33	38
*CFTO, CBLT, CHCH						
**WBEN, WGR, WKBW						
VANCOUVER						
*Canadian Stations.....	58	57	56	57	52	51
**U.S. Stations.....	42	43	44	43	48	49
*CBUT, CHAN & CHEK						
**KVOS, KOMO, KIRO, KING & KTNT						

SOURCE: A. C. Nielsen NBI Reports.

If that is not a graphic demonstration of growth of audience attention to informational orientation programming, I don't know what is.

I will go further and point out there have been very careful studies made, some by us and some by others, of the audience trends in terms of educational break. One thing which we all know about is the fact that the North American youth are being better educated in greater numbers, greater percentile terms, in terms of entire youth groups, today than ever before. I think America passed the 50 per cent market in terms of university level of education. That is an indication of change basically in the audience.

**Mr. Fortier:** Is it the audience which has changed or is it the programming producer who is making available better programmes?

**Mr. Chercover:** I think both.

**Senator Prowse:** Or is it colour?

**Mr. Chercover:** No, it is not colour. First of all, there is the fact that most teachers, most educators will acknowledge, and that is that the child brought up in a television household is ahead by substantial degree in terms of general knowledge of his environment and circumstances.

I have had some personal experiences in this area with my own children with their teachers. There is general acknowledgment at the high school level that there is a rather substantial difference between a child who has been brought up with television and a child who has not. They are ahead, they speak better, they can read better, they can do a good many things better, and they have more general knowledge.

Not only that, but now we see more and more of those same grade school and high school levels going on to further education. Higher educational levels are growing in terms of television hours viewed per week. That is in spite of the fact that most people don't want to admit they watch a lot of television. It has always been popular for people who produce plays to say that they read books and don't go to plays; or for producers of motion pictures to say they only go to plays. It is also very popular for all intellectuals to say "I never watch television. There is nothing on it."

The fact is the hours viewed weekly—these Roper studies are done year by year by year

and then done in ten-year breaks—on every educational break are in fact rising not falling.

Now the interesting exercise—and I can obtain copies of this for you if it is of interest—is the exercise where this question is put directly to the respondent in a quite scientific sample: "Would you like to see greater variety of choice in your television viewing?" The break-down shows the responses by grade school, high school and university-level education. Obviously the answer in favour of the status quo, at the lowest level of education, is like 79 percent. The answer in favour of massive change is in the higher educational break; 68 per cent want more choice.

I think broadcasters generally, programmers generally, are responding and aware of these things.

**Mr. Fortier:** Yet how do you account for the fact that the most popular programme in Canada is "The Beverly Hillbillies"?

**Mr. Chercover:** It is not.

**Mr. Fortier:** It is the one that has the highest...

**Mr. Chercover:** It is one of the highest. First of all, sir, everything is not all things to all people; and each programme is not all things to all people.

**Mr. Fortier:** Are you speaking here now of programmes oriented towards minority groups?

**Mr. Chercover:** No. I say that the audience is many audiences. Keith, what would the audience delivered on "Beverly Hillbillies" total in Canada?

**Mr. Campbell:** If you are speaking of the BBM figures, which I think the gentleman is, it would be about 1.7 million.

**Mr. Chercover:** We have 21 million people 95% of whom have access to television. That is not the audience, a million and a half people.

**The Chairman:** What is the biggest programme?

**Mr. Chercover:** I think NHL Hockey is bigger than any of the entertainment programmes.

**The Chairman:** What is the biggest entertainment programme?



**Mr. Chercover:** It depends whether you take absolute numbers in the total coverage area covered by the CBC, because they have an 18% or so advantage over us in total homes available; or whether you do a comparative study in the comparative markets.

If you give us a comparative study in comparative markets we can tell you which programmes.

**The Chairman:** What is your most popular programme?

**Mr. Chercover:** Dean Martin.

**The Chairman:** I wonder how many people watch it in round figures?

**Mr. Campbell:** Again about 1.7 million.

**The Chairman:** Your point is that around 18.3 million people are not watching. Doesn't that make the point that 18.3 million don't want to watch Dean Martin?

**Mr. Chercover:** It doesn't make that point.

First of all, statistics on viewers, even so-called addicted viewers who say "That is my favourite programme"—how many times do you think they watch it every year? Amongst those people who are habitual television viewers, who identify a programme as their favourite, the answer is 1 in 3 episodes.

**The Chairman:** I accept your statistics but I am surprised by it.

**Mr. Fortier:** You don't think that the average viewing public, a view which has been expressed before this Committee, is looking for the lowest common denominator type of programme?

**Mr. Chercover:** I don't know how to identify that average audience. A proportion of the people who watch Dean Martin, because he is very entertaining and sometimes a little blue, are also people who move over and watch the "National Geographic" or "W5;" but not all the people who watch Dean Martin watch "W5" and not all the people who watch "W5" watch Dean Martin.

**Mr. Fortier:** Why is there a trend in Canadian television broadcasting for CTV, for example, to set up a similar type of programme against CBC?

**Mr. Chercover:** There is not. It is the other way around, if you don't mind.

**Mr. Fortier:** CBC does it?

**Mr. Chercover:** I don't know why. Let me put it to you this way...

**Mr. Fortier:** You know what I mean.

**Mr. Chercover:** I know what you mean exactly and precisely and let me tell you historically what happened.

"W5" was launched in the season 1966-1967 and CBC had just dumped "Seven Days". In response to questions at the political level, in response to questions from the critics, CBC were undecided on what they were going to do on Sunday night at 10 o'clock.

We stepped in and announced our programme. There was no programme scheduled at 10 o'clock on Sunday night on CBC. We announced "W5" and we launched "W5" and we were on the air for four weeks with it before the CBC announced their programme which was to go on.

Now it was a public affairs programme and they had been in that time period. They could have done anything they wished but they didn't.

After four months on the air and a good deal of bickering and a lot of public response to the fact that critics couldn't watch both and Parliamentarians couldn't watch both and people in the regulatory agencies couldn't watch both, we, CTV, elected to move to 9 o'clock opposite "Bonanza". That was a pretty gutsy decision. It didn't help our position in ratings and didn't help in terms of audience.

We elected in the public interest to provide an alternative against an American programme. Now I am being criticized because "W5" runs against a Canadian entertainment programme at 9 o'clock made by the CBC because they dumped Bonanza out of there three or four years later.

**The Chairman:** Who had made that criticism?

**Mr. Chercover:** The CRTC asked that question.

**The Chairman:** They didn't ask it critically, did they?

**Mr. Chercover:** I could take it only critically. They asked the question about "Untamed World", which we had in the time period where they had cartoons. Eight weeks after we were on the air they brought in their "Nature of Things", or whatever it was.

**Mr. Campbell:** To project a note of humour, the CBC was being queried on this very cir-

cumstance by the Commission last week and the Commission posed the very same question: why are you running a Canadian programme opposite a Canadian programme so it denudes the opportunity of Canadians to watch Canadian programming?

The CBC response was "Indeed, sometimes these things were accidental."

Incidentally, they do have one valid point. The CBC has access to certain periods of option time. They don't control the totality of their time for all stations affiliated with them. They advised the Commission they were moving. The Commission would be happy to know they were moving a Sunday night 5 o'clock show to Tuesday at 10.30.

I had to remind them at the coffee break they were indeed doing the very same thing, moving against another Canadian show, and they were surprised to find that out.

**Mr. Chercover:** But if we go on the volume and quantitative proposals that are in front of us, the fact is that options and/or alternatives are going to be more and more restricted.

**The Chairman:** You commented on the Dean Martin programme and said the programme tends to be blue. You have been in Ottawa so perhaps you didn't see an article in the *Toronto Star* on Monday. It was based on a study done by a sociologist and said "The new nudity will invade television and school stages next." Do you think that is true?

**Mr. Chercover:** No, I don't think that is true. I think that the entertainment industry, as such, is an industry that can be related to a pendulum and we are in the pendulum swing.

I think that in theatre and in motion pictures that this is going to swing back, frankly.

**The Chairman:** You don't think it will swing as far as television?

**Mr. Chercover:** I think we now may be on the extreme of the swing in terms of literal treatment of sex. There is a tremendous amount of opportunism involved in the volume of this activity at the moment under the guise of dealing frankly. It is just simple opportunism. I have seen many programmes in which there was no artistic merit and no programming merit. It was arbitrarily done for the purpose.

Indeed there are some producers, well known to me in the United States, who are making motion pictures for specific theatrical release but double-shooting the bedroom

sequences with clothed sequences that don't destroy the germatic effect in any respect whatsoever. They are doing this in order to be able, against the backswing, to release the films in a more contained environment should it develop in the theatrical environment, or in order to be able to release those same films on television.

**The Chairman:** That is called "cover your bets" or "uncovering your bets."

**Mr. Fortier:** We have heard much about the experiment which you carried out at Carleton University with "W5."

**Mr. Chercover:** Which one?

**Mr. Fortier:** The one where the producer came to an arrangement with the university whereby "W5" programme had access to the university's facilities and what they were doing.

**Mr. Chercover:** That proved to be useful.

**Mr. Fortier:** That did take place?

**Mr. Chercover:** I don't know why you heard a lot about it. It was a very simple arrangement. The producer in question gave them access to the research, consultation and advice. We didn't have it exclusively with Carleton.

For instance, the Pollution Probe people at the University of Toronto have been very active with our public affairs unit. So active that I had to chastize them for sending threatening letters to a company under the guise of "W5".

Pollution Probe at one point got a little over-enthusiastic with a Peterborough manufacturer and threatened him with an exposure on "W5" if he didn't conform. He had already conformed.

**Mr. Fortier:** The reason why I said we have heard a great deal about it is that it strikes me this is an area where, as you have said, you are not programming for the minorities but you are programming with the minorities.

**Mr. Chercover:** For instance, let me give you an example: "The Ottawa River is Dead and Dying" was a single half-hour on television specifics to dramatize industrial and municipal waste dumping in this particular river which is, of course, in bad shape. That was done in concert with the Ecology Department of the University of Toronto. We don't restrict ourselves.



We may have a special arrangement with one university because they wish in a journalism course to emphasize and to integrate with an active functioning journalistic unit because it may be useful. We have done programmes, for instance, with the psychology Department at the University in Alberta.

We did a treatment on an unemployable individual who is being treated by the social service unit in the university there. It was a very important piece, very well done and very well received.

**Mr. Fortier:** You consider these have been successes, these experiments?

**Mr. Chercover:** Yes, the relationships are excellent.

**Mr. Fortier:** And I suppose that it has quite a bit to do with your social orientation programming whereof you were speaking earlier?

**Mr. Chercover:** Yes. The only problem is we tend to find the academic community has its mind made up. I don't mean that in a critical way.

I remember particularly at the Harrison Hot Springs conference on "Communication in the Seventies" I presented a piece there on the technological changes. There were two things that bothered me. First, Ken Lefolli, for whom I have a great deal of respect, was the moderator, and Ken made a long introduction of the general topic and in effect assigned to the various participants in the panel their corporate viewpoints. When it finally got around to me I said: "I want to take exception. I was asked here by a political party to add my comments on the subject of the future. I didn't come to represent the interests of CTV per se. I came here to enter into a dialogue (and I say that in this brief). I am not concerned with the preservation of the current financing arrangements for CTV, which come from the advertising community, if this political party and the public and the country itself make a decision, a conscious decision, that they want a different system, for good and valid reasons, then bye-bye CTV."

I delivered my paper and it was as clear as a bell that I was not taking a corporate position. The lady from York University, however, who deals in media, and is a very bright lady, Thelma McCormack...

**The Chairman:** She appeared before the Committee.

**Mr. Chercover:** ...appeared immediately following me and promptly allocated to me things which I had not said. She didn't even listen. She promptly reviewed the positions that she expected me to take.

**Mr. Fortier:** It is like when you are prepared to thank a speaker...

**Senator Prowse:** She wasn't going to let the facts interfere.

**Mr. Chercover:** Please don't let the facts interfere in any way.

**Mr. Fortier:** Is there a future for AM radio in Canada in the media spectrum?

**Mr. Chercover:** Certainly.

**Mr. Fortier:** Do you think that it is going to develop on a course parallel with television?

**Mr. Chercover:** First of all, let me state that although I did start my career in radio and had some experience in that area, I don't regard myself as any kind of expert in radio broadcasting. It has changed dramatically in the years since I have left it, and it is a good many years. It is highly specialized and its successful operators are people who talk a language that I don't entirely understand. No criticism intended. I think they are doing very specialized things successfully.

**Mr. Fortier:** You don't view it as a competitor to television?

**Mr. Chercover:** In real terms, yes, of course.

**Mr. Fortier:** Insofar as audience is concerned?

**Mr. Chercover:** No. I think as print media has adjusted to the realities of television, so too has radio. I think that they are providing a continuous news service, for example, on the hour, on the every half hour in some instances. In many circumstances they are highly oriented to information on a continuous basis; others play good music; there are those that are strictly rock and roll. They are much more precisely orientated to a specific segment of the audience, and I think that is good.

**Mr. Fortier:** How have the print media adjusted to the advent of television?

**Mr. Chercover:** I believe the better operators in print have developed a stronger orientation to backgrounding, to depth reporting, to analysis, to features; and successfully so.



As a matter of fact, as a forerunner of what may be something that we will see more of in the future, there was recently launched in the United States—and I don't know whether it is still going, it may not be—I think it is in indicator—a total feature newspaper which had only one news orientated story. The rest was all features.

**The Chairman:** A daily?

**Mr. Chercover:** It was a New York launched weekly. It did at least receive some publicity.

Now I have been in many cities in the world and many cities in North America and I think we are particularly fortunate in Toronto in that we have a remarkably competitive situation in the daily press field.

When you look at the *Star* or the *Telegram*—particularly those two because they are heavily orientated to features—and compare them to most newspapers in the entire North American continent, in terms of the quality and depth and skill of their undertakings in the entertainment field, and specialized interest areas; or look at the spread of opinion and the opportunity for the expression of opinion in the editorial area, which is now starting to be more significant than ever before; I believe there is an adjustment that has already taken place in part and will continue to a greater degree in the future. I think they are complementary.

**Senator Prowse:** Didn't radio first create the competition? Newspapers used to pretend there was no such thing as radio and then, by the time they finally got it through their heads that radio was there, T.V. came along and so the second adjustment was much simpler for them.

**Mr. Chercover:** Yes. I have talked to a number of responsible and well-placed people in the publishing field and I believe that they are conscious of the need to change their orientation. I don't say it is universal conscience but certainly a number I know personally are conscious of it.

**Mr. Fortier:** How have you been able to work out the obvious difficulty which you must have encountered in seeking to line up programmes for next year in view of the CRTC proposals which are hanging over your head?

**Mr. Chercover:** I must tell you that we have not and we may be in serious trouble.

There is a long line of history going back to the BBG, before the CRTC. We have been up for license renewal for five years.

The first thing we had to correct was the fact that our license terminated at the end of June and the broadcast year is a seasonal thing that goes from September to September.

We said "The first thing you have to do is put us in line. If you take it away from us in June somebody is going to pick up three or four months of obligation or we are going to fail to meet three or four months of obligations." They did indeed adjust our terminal date to a September date.

We then reviewed with the BBG, and then with the CRTC, our time-table on our license renewal and we suggested to them a November date—and they agreed on a November date. The reason they agreed with it is very simple. In November we are evaluating performance of current programming and in development for the following season. We usually make our selections, both from foreign and from Canadian programmes available, in the period of February and March. We announce our schedule usually at the end of March. We usually begin our process of selling to the advertising community as at the 1st of April and from the 15th of April. Our declaration dates with the major advertising elements in our schedule, have been historically April 1st through April 20th, depending on the time-table and procurement and setting the schedule.

Mr. Campbell can verify this. I will state unequivocally that every 10 days that passes between now and June 15th that we don't have our schedule on the street, will delete half a million to \$600,000 from our next year's revenue and it will not be recoverable.

**Mr. Fortier:** Every week?

**Mr. Chercover:** Every 10 days, half a million to \$600,000. We book fully 75% of our revenue on an annual basis in the period April 15th to June 15th. Lock it in solid. The bulk of the full cycle, the first quarter, the heavy quarter, is concluded in this spring selling period.

**Senator Everett:** You say that will not be recoverable?

**Mr. Chercover:** It will not. If an advertiser decides that it is too bad "We can't be sure what the shape of CTV is going to be" the answer is very simple. "We will look at what ever other options there are because we have

to have the kind of weight. We may decide in this community, we will go with car cards or bill-boards or direct mail or we may decide to go with print" ...whatever the other medium is.

**Mr. Fortier:** CBC is in the same fix?

**Mr. Chercover:** Of course they are.

**Senator Everett:** Are they really?

**Mr. Chercover:** Not to the degree we are because they can always fragment their programmes and add more minutes.

**Mr. Fortier:** The view that was expressed by the CAB to the CRTC on their proposals—your network is a member of the CAB still to this day?

**Mr. Chercover:** It is only a network member and it is not a full member in the status of a station because it is a station association. We are a supplementary member.

**Mr. Fortier:** Do you subscribe to the presentation made by the CAB last week?

**Mr. Chercover:** By and large not in specific terms. For instance, I made a presentation, which is available to you, which covers the points of economic concern.

**Mr. Fortier:** Mr. Chairman, since we have so little time I wonder if Mr. Chercover could file the presentation he made to the CRTC?

**Mr. Chercover:** If I could keep this one, I have only a single one. I could have copies made.

**The Chairman:** That is fine.

**Mr. Chercover:** I said in the brief, in relation to the question that you ask, that we in fact were not able, strangely enough, "to convince talent, producers or distributors to allow us to take options on properties which would then be dropped if the results of the deliberations should dictate. I couldn't get a single performer or producer, in Canada or elsewhere, to say "Yes, you can have this property if the regulations allow and if they don't—send me flowers."

It is interesting too, we couldn't get advertisers to come in on the basis of "We think this programme will probably be in the schedule subject to the determination of the Commission."

**Mr. Fortier:** But by and large the criticism of the CAB, as I understood it, was directed at the very objectives of the CRTC.

**Mr. Chercover:** First of all, the CAB brief started out by identifying with the objectives of the Act and arguing with the methods. Now I did exactly the same thing, in all fairness.

**Mr. Fortier:** But you suggested alternatives?

**Mr. Chercover:** Yes, I did. I also did not suggest that there was any lack of talent; but talent needs to be mounted with resources, needs to be supported with resources, and resources cost money. Time is one of the key resources and time is not in our favour. If we launch a large new volume, a greater volume of programming, which has no time for development except between now and the fall, with the resources at our disposal, the probability is we will accelerate the retreat to American channels.

**Mr. Fortier:** Is it merely the time-table that worries you?

**Mr. Chercover:** It is economics.

**Mr. Fortier:** Over along period of time, won't the economics become more acceptable in your projections?

**Mr. Chercover:** No. I pointed out very clearly, and I am happy to go into this, there are certain absolutes. One of the absolutes, that we have to deal with in Canada, is 21 million people. Let us start from that. Let us say we have a micro-wave system which is the longest in the world. We have seven time zones and we deal with time zone delays and delay-centres which cost money, and double rejections which cost money. We have 65 per cent of our viewers who have access to a multiplicity of signals from the border, so it is further fragmented. Of that total of 21 million, 6 million odd are essentially French-speaking, and while many of them are bilingual they clearly prefer, clearly and demonstratively prefer to watch in their native tongue.

You know there are lots of options. If I may be briefly facetious I would say: if Canada had made the choice originally, to go with a different standard and line system from the United States, we would have had an effective electronic curtain. We didn't do that. Were we to decide, to-day, that it was politically within the art of the possible to withdraw our current standard and impose new standards, and impose, for instance, the standards of Great Britain and use a 625 line



system on a 50 cycle basis, then all the television sets would be obsolete and all the transmission equipment would be obsolete. Everything would have to be changed but we could make it.

If we went further and said that the official language in Canada, aside from that portion which speaks French, is now Ukrainian—or Italian—and force our people into that mode we could also achieve the goals.

We are not an island nation. The British have a population of 50 million and almost no cost of distribution to deal with; no competitive electronic media, the BBC is not in the commercial business at all; a low cost of distribution; no cable penetration or direct signal penetration because who watches Dutch television? Nobody listens in Flemish or Walloon. Nobody.

The fact of the matter is we are not in that fortunate position. I wish we were. I find myself always in the position of saying "here are the facts". Now it is not popular. I know it would be easy for me to walk into the Commission and open my arms and say "We accept. We believe. It is motherhood and we are with you."

I listened to Mr. Gerussi's impassioned representations respecting his family's immigration to Canada and he delivered it more effectively than he did when it was in the revue in 1965 "All About Us" word for word. It is a beautiful piece of emotional material.

**The Chairman:** He has been practising!

**Mr. Chercover:** Absolutely beautiful. My father came to this country as an infant in arms from Russia. I know about that. His father carried him into Winnipeg and they struggled to establish themselves. They sold horses to the pulp and paper industry all across the country. My mother's family immigrated from Austria and I know what struggles they had in Montreal, especially him. They met in Montreal, thank heavens, and I was born in Montreal. I am a committed Canadian and I didn't go away. But I don't ask for accolades for not going away, and I do not chastise those artists who have gone away because that is going to go on whether or not we set up new opportunities or whether or not we extend the volume. The fact of the matter is that it is going to go on. It does everywhere else in the world.

**Mr. Fortier:** Let us get more basic.

**Mr. Chercover:** How can you get more basic than this?

**Mr. Fortier:** And look again to the objectives of the CRTC which you laud and which the CAB also found to be encouraging. Are you saying that it should not be the role of the CRTC to impose these objectives on the broadcasters of Canada?

**Mr. Chercover:** No. I'm not saying that. I have not said that and I did not say that to them. I said to them that I regretted and I was apprehensive at the lack of any incentive for quality in these regulations. I am fearful of the results that will come from an orientation to quantity as opposed to quality.

**Senator Everett:** Do you agree with Mr. Griffiths?

**Mr. Chercover:** I don't know. What does he say?

**Senator Everett:** I though you would know. "A bid for Canadian quality and Canadian content".

**Mr. Chercover:** Is that out of this morning's paper?

**Senator Everett:** This mornings *Globe and Mail*.

**Mr. Chercover:** That was a prerelease.

**Senator Everett:** Do you want it?

**Mr. Chercover:** No, thank you, I saw it. We suggested, amongst the options, the deferral of the implementation date for the simple reason that we can maintain the viability of the unique Canadian broadcasting system; provide an opportunity for consultation to develop the regulatory structure which will produce results within the capacity of the structure; and perhaps more important, to provide after the establishment of achievable goals, an opportunity for realistic development time for programming. It is so we don't embarrass ourselves with bad programme which will simply make achievement of the ultimate goals less feasible.

**Mr. Fortier:** By setting back the timetable?

**Mr. Chercover:** Yes.

We also suggested maintaining the current Commonwealth multilateral agreement. There are a lot of reasons why, one of which is the Secretary of State is negotiating a similar on for the film industry. Why should we be taken out of the television agreement when it enhances the marketability of Canadian film abroad, which is one of our objectives.



Dealing with the classification of time, I accept a 25 per cent increase in prime time Canadian content and I asked for an increase from 40 per cent to 50 per cent maximum. This would be a full increase of 25 per cent. It is not an insignificant suggestion.

We recommended adjusting the commercial regulation proposals to conform with their own stated objective because they want to have imposed...

**Senator Everett:** Sir, will you go back to that 25 per cent increase?

**Mr. Chercover:** We have a 40 per cent prime time requirement. I say go to 50 per cent.

I asked them to examine our proposition of continuing the differential in content requirements between the public and private sectors, recognizing the Act does differentiate between the two elements, and places different and specific responsibilities on the public sector. And it does.

**Mr. Fortier:** What we are arguing about is really 10 per cent.

**Mr. Chercover:** Their proposal is the same. Their proposal in terms of the regulations is common and doesn't give another year to get there.

**Senator Everett:** What do you think about Mr. Griffiths...

**Mr. Chercover:** Let me go further and finish.

Of paramount importance was our urgent recommendation for reconsideration of the entire proposed package of regulations to incorporate incentives for excellence. We acknowledge that the qualitative approach is exceedingly difficult to administer, however, the quality of the overall programme service—and more importantly the quality of the Canadian elements of that service—are the only factors which can further strengthen a national identity, and create a strong base for high standard programme production in Canada.

Then I made some suggestions. I said "Here are some suggested qualitative measurements. It may be difficult, but here they are".

**Mr. Fortier:** A system of Brownie points?

**Mr. Chercover:** Firstly, Cost. Exactly how much money are you investing in that pro-

gramme, Mr. Fortier? Twice as much as that one? Four times as much? It is worth more.

**Mr. Fortier:** It comes back to the discussion we had two years ago on the CRTC involving itself in programming.

**Mr. Chercover:** I know the problem but I must point out again, and I will come back to this, that every option that we have taken, that has resulted in a programme that has had significance and has had recognition, was an option which we elected and which was not required under a quantitative rule.

Now we go to the second suggestion: programmes which are designed to orient or inform viewers or stimulate public dialogue with respect to issues of concern to Canadians.

That is not so difficult, is it? At least it isn't to me.

**Senator Everett:** It might or might not be.

**Mr. Chercover:** And lastly, programmes which by their intrinsic merit or quality, or as a result of simple salesmanship achieve penetration in foreign markets which contribute to a revenue flow to the Canadian production industry and to the Canadian talent pool.

That is not hard either. At least it isn't to me. These are positive incentives for excellence. The British feature film industry, which it was suggested by representatives of the Commission, was created by tariff walls, one thing and another—No bloody way. First of all, it was created by a massive subsidy programme on the part of the British government; in the first instance by regulations that precluded the viewers from having access to these foreign films unless they came in from proper techniques. 65 per cent of our viewers don't have to ask permission. If the theatre has been closed and there is no feature playing, you don't go to the movies. The theatre is not closing here, I am afraid.

There is another factor, the government and the neophyte or baby industry got together and created an incentive program to convince, in fact to coerce foreign producers, and particularly rich American producers to come to England to produce. In fact they did and the periods of high production for the British film industry are those when Americans are most active there.

To indicate how successful it has all been you only need to go to look at a number of British-based and trained creative people in

the arts and crafts of theatrical productions that immigrate to Canada and the United States.

**Mr. Fortier:** You have a few on your staff?

**Mr. Chercover:** Yes indeed we have.

**Senator Everett:** 50 per cent prime time with the Commonwealth rule...

**Mr. Chercover:** There is another thing. Because there was a mistake which has been hanging over our heads for years relating specifically to the decision that was so widely discussed about the classification of World Series as "Canadian", it effectively wiped out all the other things. For instance, under the new regulations the Apollo Moon Shot would not be considered Canadian.

**Senator Everett:** It is now under the present regulation?

**Mr. Chercover:** Of course it is. It is a news event with broad interest for Canadians. Let me give you an example...

**Senator Everett:** I have heard where they talk about an international programme and a foreign programme.

**Mr. Chercover:** That idea of a unique or special category which would have no classification Canadian or otherwise, operates against inclusion in your schedule of better programming. It is a bad policy.

A simple exercise is to say if you have a 100 hour schedule and you want to run 5 hours a week contributory program that is usual to the community, your schedule will be measured against 95 hours. All that means is, if you have only access to 50%, you have 50% of 95 instead of 100. To a broadcaster who looks at his public responsibility and sees a programme from a foreign source which could receive this special unique classification, as he does, he must recognize diminishing revenue potential in the commercial or entertainment package. So it is a very bad policy.

I don't know whether you want an example of an interpretation. Under the existing regulations there is a classification for events in which Canadians participate. I will give you one that was turned down and see how you feel about it.

A couple of years ago there was a major convocation of people working in the field of mental retardation (which happens to be one of my interests) in Chicago. It was called The

Kennedy Award Dinner. Harry (Red) Foster, who is known to you, Mr. Chairman, and who has been very active in this field in Canada, went to that dinner along with several other Canadians to receive unique awards for the research and work which has been done in Canadian Institutions contributing in this field.

Now I cleared the network—national commercial programming—I wiped it out. I arranged for a feed. There were three Canadian acts in the entertainment segment of that thing. That is irrelevant too, really. Some of the things that happened were extremely moving and important to me.

There was a break-through some years ago in this field. There was a marvellous old couple who were researchers in this field in the late 20's and 30's and who were drummed out of the university for their incredible experiment in which they applied love. Terrible things. They adopted three of the retarded children under their care in the laboratory and one of those children is now a Fellow in psychiatric medicine at the same institution. He was called on to come forward. His I.Q., which was something under 30 when they adopted him as a baby, was over 148.

Now can you imagine—First of all, you know there are hundreds and thousands of families in this country who have been afflicted by this terrible, terrible tragedy. Now the hope and faith that must have come through to those people when they saw this young man with the courage to come forward and say "I was", and out of the wings came this marvellous old couple who had literally given up their lives, their positions, in the faith that this technique could contribute. And indeed it has now been accepted and proven to be an effective method even if it only helps slightly. You are not going to achieve what they achieved in that one circumstance but that child was recoverable completely. Other children are now being delegated to a life as vegetables, in institutions, who might be recoverable to the point of living a happy and productive life.

Now if for no other reason than the content of the program I would judge that to be "Canadian", under "matters of broad general interest to Canadians", and also, because two Canadian research organizations were there to receive International Awards, under the clause which says "events in which Canadians participate" it should have been "Canadian". The fact of the matter is we acted. We



cleared the time. We presented it across the country and we received an enormous response. I still receive letters from the public on the program. The then programme officer of the CRTC said it was not "Canadian".

**Mr. Fortier:** Did you get authority from your Board...

**Mr. Chercover:** No, I didn't.

**Mr. Fortier:** Before wiping out other programmes?

**Mr. Chercover:** No.

**Mr. Fortier:** I am reminded here of the statement which was attributed to Charles Templeton and was reproduced in the *Star* last September. You probably know whereof I speak.

"Murray has guts. I have seen him lay out a lot of dollars without any authority whatsoever, knowing it had to be done and done now."

Did that happen very often?

**Mr. Chercover:** Yes, all the time.

**Mr. Fortier:** Any instance where the Board has said: "Chercover, you should not have done it and rake you over the coals?"

**Mr. Chercover:** No. As a matter of fact there have been many discussions at the Board level on the technique that is utilized in the active decision-making process. By and large I would say our Board supported the view that as long as I have the name, I have to have the game.

**Mr. Fortier:** That is the way you have proceeded?

**Mr. Chercover:** I proceeded before they said.

**Mr. Fortier:** Do you have any trouble with any one of the Board members more than with others, without wishing to intrude into the secrets of the Board Room?

**Mr. Chercover:** I would say very simply that the best people are always the most difficult. The more committed they are to whatever their point of view, the more difficult they are always to deal with if you are dealing in an area of controversy or an area of value judgment. I would not say that I have trouble with the Board in that respect. I have had significant and remarkable co-operation and assistance throughout the history.

When this operation was undertaken, when we undertook to buy the network, I made application in part on behalf of the ITO. And as I was doing it, since I was operating ITO, I recognized, that if we were successful and achieved the purchase of the network and I did not go with it, that my national role would be coming to an end. I had served as Programme Chairman for the network for the previous 5 years and I had served independently of the network, in effect out of my hip pocket, as a programming and operational officer of ITO, because when the network failed to meet its early obligations on the Canadian programs, we began to handle them ourselves co-operatively. I faced that possibility. Unfortunately they decided to ask me to come down and run it.

I have no complaints. It is not an easy life, by any means, operating a co-operative where many different points of view are valid and useful and contributed, because you must make adjustments, you must consult.

**The Chairman:** I am smiling when you say "valid and useful". Some must also be terribly annoying.

**Mr. Chercover:** I feel that people who want to be free of any kind of obligation are sometimes annoying. I don't say I have not been under pressure, but nothing worth doing is that simple or that easy. As a matter of fact the greater the challenge the greater sense of accomplishment if you do something.

**The Chairman:** I have been particularly grateful to Senator Bourque, who has been very patient with me as Chairman. He indicated sometime ago that he wanted to ask a question. I apologize to him.

**Senator Bourque:** I had two questions. My wife and I, when I am at home, always listen every night to "Pulse" at 6 o'clock and CTV again at 11 o'clock. Sometimes the announcer will be from Ottawa or somewhere else and he will be announcing something and just in the middle of that it is changed and on comes an ad.

**Mr. Chercover:** Are you speaking of "Pulse" or are you speaking of the "CTV National News"? The "CTV National News" is never cut in that way. There were cut-ins in Montreal, alternative commercials. Normally, the stations start the news with the introduction to the format. It simply says "CTV News with Harvey Kirk". We do a commercial. We follow that with the body of the



news. Usually after the closing remarks of the news, the presenter says "I will be back in a minute with the Newsmaker to watch or the editorial comment." Then we have a commercial. Then he does the editorial comments.

**Senator Bourque:** Last week I was not home but my wife says your Ottawa correspondent started speaking about the Prime Minister and he showed the house where he had been born—just a stones throw from my home—and all of a sudden—bang...

**Senator Prowse:** Damn Tory!

**Senator Bourque:** And immediately, you see, an ad came on and he didn't come on again.

**Mr. Chercover:** I am surprised at that, sir, the only possible answer I can give you—I have never seen it happen in Toronto and I watch the news every night—the only possible answer I can give you is that we ordered a cut-in. When an advertiser has a different product in a different territory, he may order a substitution for the national commercial in that region. Apparently a timing error resulted in a cut of that kind.

**Senator Bourque:** I was wondering what happened because the Ottawa correspondent was cut out right away.

Now on Page 6 of your brief there is a thing that has been puzzling me.

"Over the past four years the average direct cost per Prime Time hour for our Canadian program service has increased by 85.5 per cent, while non-Canadian programming increased by only 7.5 per cent."

There is such a tremendous increase there, that I have not been able to reconcile the figures.

**Mr. Chercover:** Well, sir, I will tell you what the reason is. In part, of course, it has to do with the change, in the last three years, to complete colour, which we undertook in 1966, but a very small proportion; we were fully colour in 1966 when the BBG first allowed it.

The primary reason is as a result of our elective decision to invest more and more funds in the programs which we were doing on a qualitative basis. In other words, when we took over the network the national news budget was less than half of what it is now. We have improved the national news, I think you would agree if you are a regular watcher,

over the past three or four years. Well, that costs money.

We have now services from all across Canada through the assistance of our affiliates and we pay them for their assistance to the national news; whereas the news was formerly an international film service and an Ottawa bureau.

**Senator Bourque:** It seemed to me it was a tremendous increase.

**Mr. Chercover:** It is nothing compared to the proposals that we are facing now. But we have an orientation to enhance and improve the quality of our programs, which has resulted in the viewer identity that we have achieved. For example, before we took over the network, there were three or four quiz shows in prime time. I would assure you that all of the cost of quiz shows, and more, go into the making up of one single episode of "Pig 'N Whistle".

We have been holding the line against foreign producers simply because the market here is a buyer's market. Under the existing regulations, which allow 45 per cent foreign content, the total consumption of the CBC and ourselves could only be 90 per cent of the output in one American network, which means there is more than three times the foreign product that we can both possibly consume, which means we can buy it at the market price which is appropriate.

**Senator Bourque:** I see.

**Mr. Chercover:** That is why we can control the cost of foreign programming but if we want quality in Canadian programming, aside from talent, which we acknowledge is there, and aside from the desire, which is clearly there, you have to invest some money.

"Pig 'N Whistle" is a Canadian program which competes very favourably with American programming. It only does so as a result of investment. We bring talent to the program. We spend time in the studio to mount it. We choreograph the dancers and we deal with the audience. It costs us money. It is not just a simple matter of instinct or inspiration.

**Senator Bourque:** Thank you very much.

**The Chairman:** Are there any questions that any of you have? I don't want to terminate the discussion if there are. Mr. Fortier, do you have any others.

**Mr. Fortier:** Not at this time.

**The Chairman:** With the forbearance of the Committee, I have a couple of questions I would like to ask. I say to both the witnesses and the Senators I will be very brief.

You make the point in the brief, and you made the point in your oral presentation, about extending the recommendation of the O'Leary Report, 12A into broadcasting. Would that really have the desired impact? Would not many of the national advertisers simply book those stations? So many of our national corporations are American, would they not simply book through the American stations?

**Mr. Chercover:** They may. I suspect you will find—you are quite aware of this—brand allocations in competition. If you are talking about major soap companies, the brand people in the United States are not likely to stand still for allocations for the Canadian penetration without getting that money charged against the Canadian corporation. So I do think there can be some advantages. It may be more limited but I think at least it provides impetus.

**Senator Prowse:** It is worth looking at.

**Mr. Chercover:** It is worth looking at.

**The Chairman:** There are charges repeatedly made that CFTO dominates the CTV network. How would you answer those charges? I'm sure you have heard them.

**Mr. Chercover:** Many times. Nonsense. Absolute nonsense.

**The Chairman:** CFTO said the same thing this morning.

**Mr. Chercover:** Well, I am not surprised. John Bassett and I have been associated for a great many years. I first went to work for him at CFTO before the ground was broken on the station. I left CBC to go there. From the outset of our relationship we have fought on occasion, we have disagreed on occasion.

**Chairman:** I have an article here which says that you have even won some arguments with him.

**Mr. Chercover:** Indeed I have. I find him one of the most stimulating people in the industry, very strong in his views. He is also very amenable to the other point of view. I have been in consultation with him many times, not so much with respect to the network but in general. He said "Oh, you don't agree with that? Tell me why." He listens and

says "Okay. Do it your way." No arguments at all but an individual with the leadership qualities and the stature of John will lead other people in. For instance, a Board environment is not a domination by any means. It certainly is not domination on the networks operation in any respect.

**The Chairman:** Did you agree with his decision to leave CAB?

**Mr. Chercover:** I was not consulted.

**The Chairman:** Do you agree with the decision?

**Mr. Chercover:** Let me say that...

**The Chairman:** No one was consulted, so Eddy Goodman told us this morning.

**Mr. Chercover:** Did Eddy Goodman agree, may I ask?

**The Chairman:** He said it was a decision which John took. I think he said he agreed.

**Senator Prowse:** Yes, he agreed.

**Mr. Fortier:** It was a lawyer's answer!

**Mr. Chercover:** Since I am not a lawyer I guess I cannot escape—or can I?

**The Chairman:** I don't want to embarrass you. It is not a question of escaping. I am just wondering, it seems to me two of your most significant members have resigned from CAB and this must give you pause for thought.

**Mr. Chercover:** There are 10 who have not.

**Senator Everett:** It seems to me the witness should be given an out on a hypothetical question if he wants to take it.

**Mr. Chercover:** I haven't spoken to John since his resignation.

**The Chairman:** I don't think I am forcing the witness to make an answer, Senator Everett.

**Senator Prowse:** Why don't you tell him what the man said this morning. Mr. Goodman said that they objected to the way in which the presentation was made. Is that right?

**The Chairman:** I am sure you understand.

**Senator Prowse:** Not necessarily the content.

**Mr. Chercover:** There were some other factors with respect to the constitutionality of



the position of the Commission, which was a surprise to me.

**The Chairman:** I was interested in your view points, your comments.

**Mr. Chercover:** I will be very frank. If my decision were ultimately, and I cannot say that it will be or won't be, were to resign, I would certainly not, at this point, intend to do it while the hearings are still under way. I don't think it is productive.

**The Chairman:** Let me ask you a question which will perhaps be productive. It is the last question I will put to you. It is one that you can answer in five minutes or it is one that you can answer in one word. What do you think is wrong with the CTV?

**Mr. Chercover:** I certainly can't answer in one word because it is not "nothing".

**The Chairman:** What do you think is wrong with CTV?

**Mr. Chercover:** I think CTV is the captive of its environment and all of the policies which apply or impinge upon its operation.

I would obviously like to see CTV with more resources or programming, because that is what it is all about. Our resources are limited both by policies of the Department of Communication which imposes in the extension of services, hardships in relation to the common carriers. There are the implications of these regulations, which I add again—the quantitative regulations currently in existence were not responsible for the useful and productive decisions taken by the CTV network and its affiliates in the last four years. I don't believe these new regulations will be productive of the goals that are enunciated by the Act and the goals we have all embraced.

I feel that CTV is constrained in terms of its potential capacity by the implications of proliferating cable systems. It is outside our area of control.

I think that the only thing that I can identify with as a goal with respect to CTV, aside from the mechanical extension of our service, is the enhancement of our service, improvement of the kind of service and quality of service which we provide to our viewers. If you want more qualified journalists to work harder in investigative reporting, you have to have money to buy them. You need greater investment in financial terms to invest in international ventures which are speculative in nature but which will enable you ultimate-

ly to mount programming from a Canadian base and expose Canadian talent internationally, which incidentally they want as much as they want anything else.

Part of the brief to the Commission dealt with the communications I have had with the Minister for Immigration and he says in his letter to me, when I expressed concern to him about one of the stories I read in the newspaper, he says "Many Canadian performer organizations have made representations to me. Almost all of them are in favour of a two-way open border for performers.

"Their reasons are quite similar to yours and I find myself in substantial agreement with these arguments. They argue, for example, they stand no chance of becoming internationally established main performers unless they can penetrate the international market either through direct access to the United States or through participation in Canadian production designed to penetrate the international market."

Hurray! Now all of these things are possible and CTV, I believe, has the capacity to stimulate, to initiate, to create programs capable of penetrating the international market, providing we can finance them.

**The Chairman:** Thank you. One of the things which interests this committee particularly, as I said in my opening remarks, is exactly the position in which CTV fits into the overall media spectrum.

As I have said many times, in proposing the idea of this Committee, it has been conceived originally as a study of the print media. We soon discovered that print does not live in a vacuum and, certainly, there is an inter-connection and relation between the media which is so consistent that we had to get into the electronic media, as we have. We have known all along that CTV has a firm place in the media spectrum. The answers you have given today have been helpful, not only in determining the position in the spectrum, but in giving us the benefit of your thinking on a wide variety of topics.

I won't repeat all the things that I said in my opening remarks, particularly those which related to the busy time you are having.

I should say to the Senators that Mr. Chercover handed me a note "As soon as the rush is over I am going to have a nervous breakdown. I worked for it. I owe it to myself and nobody is going to deprive me of it."



Good luck with your nervous breakdown. Thank you very much for coming. Thank you Keith.

When you read the transcript you will find there were several references to things that you were going to send us.

May I say to the Senators that the schedule for tomorrow has one change which I think may not grieve you greatly, if I can find a copy of it.

**Mr. Chercover:** While you are looking, if I may be allowed a comment in closing, I think you probably noticed that I have not been reticent about coming forward and being very frank. It is at the same time proper for me to say it was a great honour to be called and we were delighted to be able to come.

**The Chairman:** Thank you. The agenda for tomorrow at 10.00 a.m. is Télé-Métropole Cor-

poration, that is CFTM Television in Montreal; at 11.30 a.m.—Television St-Maurice, Inc., CKTM-TV, Three Rivers, Quebec; at 2.30 p.m. The Canadian Cable Television Association, at four o'clock tomorrow afternoon the Maclean-Hunter Cable Television Limited. I think those things are as listed.

The session tomorrow night with British Columbia Television Broadcasting System Limited, has been cancelled. The British Columbia Broadcasting System is prepared to come here in May. However, as our hearings are ending in April, I agreed with Mr. Peters, on the telephone at the noonhour break, that we would be satisfied with a written brief which we will be receiving and which will be circulated to the Senators in the normal way for your interest and consideration.

There will, therefore, be no meeting tomorrow evening.

Thank you.





Second Session—Twenty-eighth Parliament

1969-70

# THE SENATE OF CANADA

PROCEEDINGS

OF THE

SPECIAL SENATE COMMITTEE

ON

# MASS MEDIA

The Honourable KEITH DAVEY, *Chairman*

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**No. 41**

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WEDNESDAY, APRIL 22, 1970

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## WITNESSES:

*Télé-Métropole Corporation*: Mr. Roland Giguère, President and Director General; Mr. Gaston Bélanger, Vice-President, Sales and Promotion.

*Télévision St-Maurice, Inc.*: Mr. Henri Audet, P.Eng., President; Mr. Robert Bonneau, Manager.

*Canadian Cable Television Association*: Mr. C. R. Boucher, President; Mr. G. A. Allard, Past President; Mr. R. C. Chaston, Director.

*Maclean-Hunter Cable TV Limited*: Mr. Donald G. Campbell, Chairman of the Board; Mr. Frederick T. Metcalf, President; Mr. A. Ross MacGregor, General Manager; Mr. Israel Switzer, Chief Technical Officer.



MEMBERS OF THE  
SPECIAL SENATE COMMITTEE ON MASS MEDIA

The Honourable Keith Davey, *Chairman*

The Honourable L. P. Beaubien, *Deputy Chairman*

Beaubien  
Bourque  
Davey  
Everett  
Hays

Kinnear  
Macdonald (*Cape Breton*)  
McElman  
Petten  
Phillips (*Prince*)

Prowse  
Quart  
Smith  
Sparrow  
Welch

(15 members)

Quorum 5

## ORDERS OF REFERENCE

Extract from the Minutes of the Proceedings of the Senate, Wednesday, October 29th, 1969.

With leave of the Senate,

The Honourable Senator Davey moved, seconded by the Honourable Senator Lang:

That a Special Committee of the Senate be appointed to consider and report upon the ownership and control of the major means of mass public communication in Canada, in particular, and without restricting the generality of the foregoing, to examine and report upon the extent and nature of their impact and influence on the Canadian public, to be known as the Special Committee of the Senate on Mass Media;

That the Committee have power to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of the inquiry;

That the Committee have power to send for persons, papers and records, to examine witnesses, to report from time to time and to print such papers and evidence from day to day as may be ordered by the Committee;

That the Committee have power to sit during adjournments of the Senate and that Rule 76(4) be suspended in relation to this Special Committee from 9th to 18th December, 1969, both inclusive, and the Committee have power to sit during sittings of the Senate for that period;

That the papers and evidence received and taken on the subject in the preceding session be referred to the Committee; and

That the Committee be composed of the Honourable Senators Beaubien, Davey, Everett, Giguère, Hays, Irvine, Langlois, Macdonald (*Cape Breton*), McElmann, Petten, Prowse, Sparrow, Urquhart, White and Willis.

After debate, and—

The question being put on the motion, it was—

Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Thursday, November 6th, 1969.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Smith:

That the names of the Honourable Senators Giguère and Urquhart be removed from the list of Senators serving on the Special Committee of the Senate on Mass Media; and

That the names of the Honourable Senators Bourque, Smith and Welch be added to the list of Senators serving on the said Special Committee.

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Thursday, December 18th, 1969.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Smith:

That Rule 76(4) be suspended in relation to the Special Committee of the Senate on Mass Media from 20th to 30th January, 1970, and that the Committee have power to sit during sittings of the Senate for that period.

After debate, and—  
The question being put on the motion, it was—  
Resolved in the affirmative, on division.

Extract from the Minutes of the Proceedings of the Senate, Friday, December 19th, 1969.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Langlois:

That the names of the Honourable Senators Bélisle and Phillips (*Prince*) be substituted for those of the Honourable Senators Welch and White on the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Tuesday, February 3, 1970.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Langlois:

That Rule 76 (4) be suspended in relation to the Special Committee of the Senate on Mass Media from 10th to 19th February, 1970, both inclusive, and that the Committee have power to sit during sittings of the Senate for that period.

After debate, and—  
The question being put on the motion, it was—  
Resolved in the affirmative.



Extract from the Minutes of the Proceedings of the Senate, Thursday, February 5, 1970.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Haig:

That the names of the Honourable Senators Quart and Welch be substituted for those of the Honourable Senators Bélisle and Willis on the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Tuesday, February 17, 1970.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Connolly (*Halifax North*):

That the name of the Honourable Senator Kinnear be added to the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Tuesday, March 3, 1970.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Denis, P.C.:

That the name of the Honourable Senator Langlois be removed from the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Tuesday, March 3, 1970.

With the leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Denis, P.C.:

That Rule 76 (4) be suspended in relation to the Special Committee of the Senate on Mass Media from 4th to 13th March, 1970, both inclusive, and that the Committee have power to sit during sittings of the Senate for that period.

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Thursday,  
March 19, 1970.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Smith:

That Rule 76 (4) be suspended in relation to the Special Committee of the Senate on Mass Media on 24th and 25th March, 1970, and from 14th to 23rd April, 1970, both inclusive, and that the Committee have power to sit during sittings of the Senate for that period.

After debate, and—

The question being put on the motion, it was—  
Resolved in the affirmative.

ROBERT FORTIER,  
*Clerk of the Senate.*

## MINUTES OF PROCEEDINGS

WEDNESDAY, April 22, 1970.

(41)

Pursuant to adjournment and notice the Special Senate Committee on Mass Media met this day at 10.00 a.m.

*Present:* The Honourable Senators: Davey, (*Chairman*); Bourque, MacDonald (*Cape Breton*), McElman, Petten, Quart and Smith. (7)

*In attendance:* Mr. Yves Fortier, Counsel.

The following witnesses were heard:

Mr. Roland Giguère, President and Director General, *Télé-Métropole Corporation*, CFTM-TV, Montreal, Quebec;

Mr. Gaston Bélanger, Vice-President, Sales and Promotion, *Télé-Métropole Corporation*, CFTM-TV; Montreal, Quebec;

Mr. Henri Audet, P.Eng., President, *Télévision St-Maurice, Inc.*, CKTM-TV, Trois-Rivières, Québec;

Mr. Robert Bonneau, Manager CKTM-TV, Trois-Rivières, Quebec.

At 1.15 p.m. the Committee adjourned to 2.30 p.m.

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At 2.30 p.m. the Committee resumed.

*Present:* The Honourable Senators: Davey, (*Chairman*); Bourque, McElman, Prowse, Quart and Smith. (6)

*In attendance:* Miss Marianne Barrie, Director and Administrator; Mr. Borden Spears, Executive Consultant; Mr. Yves Fortier, Counsel.

The following witnesses were heard:

Mr. C. R. Boucher, President, *Canadian Cable Television Association*;

Mr. G. A. Allard, Past President, *Canadian Cable Television Association*;

Mr. R. C. Chaston, Director, *Canadian Cable Television Association*;

Mr. Donald G. Campbell, Chairman of the Board, *Maclean-Hunter Cable TV Limited*, Rexdale, Ontario;

Mr. Frederick T. Metcalf, President, *Maclean-Hunter Cable TV Limited*;

Mr. A. Ross MacGregor, General Manager, *Maclean-Hunter Cable TV Limited*;

Mr. Israel Switzer, Chief Technical Officer, *Maclean-Hunter Cable TV Limited*.

At 6.05 p.m. the Committee adjourned to Thursday, April 23, 1970, at 10.00 a.m.

ATTEST:

Denis Bouffard,  
Clerk of the Committee.





## THE SPECIAL SENATE COMMITTEE ON MASS MEDIA

### EVIDENCE

Ottawa, Wednesday, April 22, 1970.

The Special Senate Committee on Mass Media met this day at 10 a.m.

**Senator Keith Davey** (*Chairman*) in the Chair.

**The Chairman:** Honourable Senators, if I may call the session to order, please.

We are receiving two briefs this morning, the first is from Télé-Métropole Corporation, CFTM Television in Montreal. On my immediate right is Monsieur Roland Giguère, President and Director General of CFTM Television.

On my immediate left is Mr. Gaston Bélanger, who is Vice-President in charge of Sales and Promotion.

Mr. Giguère, we have a procedure here which is reasonably simple. The brief, which you sent us in compliance with our request, has been received and studied by the Senators. I would like you now to take a few minutes, ten, twelve or fifteen minutes, as you may wish, to comment on your brief, to expand it or to explain it or to say anything else which may be on your mind. Certainly it is not necessary to use all that time, but you may use any part of it or use all of it.

Then following that, we will turn to the questioning by the members of the Committee and they will question you on the contents of your brief. We will question you on other matters and by all means if you wish to have Mr. Bélanger answer any questions, you need only indicate to him.

We are delighted to have you here. Thank you for coming and welcome.

**Mr. Roland Giguère, Director General—Tele-Metropole Corporation (CFTM)—TV Montreal:** Thank you, Mr. Chairman. If you do not mind I would like in fact to read the brief. It is not a very long brief and then I would be more than pleased to go through a period of questions and answers.

With your kind permission I would like to deliver our brief in French.

**The Chairman:** We are quite prepared if you will.

**Mr. Giguère:** Thank you very much, Mr. Chairman.

We thank you for this opportunity to submit certain opinions regarding Canadian broadcasting.

Before defining our viewpoint in relation to different aspects of television and prior to answering your questions, we consider it useful to describe the nature of our operation as well as its motivation. Based on this knowledge, you will be able to assess the judgements we put forward in this brief.

From the moment it began operations in February 1961, Channel 10 was faced with the problems of providing programs for its schedule.

Unlike English-speaking private stations in Canada, which could resort to an incalculable number of American productions to complete their programming, Channel 10, from the very start, had to envisage the establishment of the technical facilities required to produce a major proportion of its programming as the station was launched.

Two other reasons, as valid as the first, also demanded our attention: first, the precise commitment we made before the Board of Broadcast Governors to contribute actively to the development of artistic life in the Montreal region and in French-Canada; second, the fundamental taste of our French-speaking audience which renders it more receptive and more sympathetic towards productions mirroring its milieu.

Our programming philosophy affirmed itself rapidly by conquering a vast audience which has continued to grow since that first year. As an outgrowth of this, national and local sponsors quickly became interested in our product and the conjunction of this impressive audience with a remarkable goodwill became the key to our success.

An original staff of 190 persons grew to 285 persons in three years and, with the advent of

color television in 1966, to 500 permanent employees, including the personnel of our two subsidiaries, Paul L'Anglais Inc., a sales company, and JPL Productions, a commercial production company.

So as to meet with the growing requirements of our audience, it also was necessary to double the number of hours of programming to arrive at a figure of 18 hours daily, that is, an average of 125 hours each week.

You can appreciate without difficulty the need to double the number of studios and services required to cope with an evolution which was so rapid, dynamic and interesting.

You also can evaluate immediately the mammoth task of producing in color each week in our studios sixty-two hours of varied programming.

The advent of color created serious problems, both from the viewpoint of production as well as that of profit. An expenditure of three million dollars made it possible for us to transform our monochromatic installations to a color production system without delay.

In September 1970, we will proceed in connection with the last phase of this program at an additional cost of one million dollars. It should be noted in passing that the slow sale of color receivers, delayed marketing and the high prices set by manufacturers did not contribute to any additional revenue for our station.

Solely the spectacular increase in our ratings over the years justified the raising of our tariffs to justify our investments, thus improving our revenue picture and making it possible for us to meet our new responsibilities. In any event, a booming economy benefited both advertisers and producers.

Obviously, this entire pattern was shaped within the framework of commitments made at the issuance of our license to operate as well as within a rigid observance of BBG and CRTC regulations. Generally speaking, we believe the regulations we must follow are equitable and that they allow satisfactory television for the public.

Undoubtedly, we accidentally straddled at times but we can state that we have progressed without particular difficulties in regard to these regulations. As noted earlier, the question of Canadian content never was a problem for Channel 10.

However, the Canadian Radio and Television Commission recently presented a White Paper regarding new regulations governing the percentage of Canadian content and com-

mercial control and it appears in order for us to include here the observations and amendments which we have proposed.

In the demographic situation which concerns us, we are in agreement, generally speaking, with the measures aimed at assuring more authentically Canadian and reasonably commercialized television. It appears clear to us that the search for and discovery of a Canadian identity constitutes an objective of major importance for the survival, the definition and progress of our culture.

Among the means placed at the disposal of society towards this end, radio and television are undoubtedly the most direct and the most effective. They are not the only ones. And if one is to envisage a serious, long-term effort, it is imperative that the other media involved in the cultural life of our country, such as the printed word and the cinéma, also become positive factors.

We certainly cannot refrain from commenting today on the fact that for the past nine years, we have dedicated ourselves constantly to the purpose of reflecting our audience in its reality and in its aspirations. In addition to meeting the needs and exigencies of a second French-language service in the Montreal region and in the Province of Quebec, we simultaneously have stimulated a movement whose effects have been felt in every sector of artistic activity, especially in the recording industry.

Despite this orientation, which involves serious risks because of the major investments required for the production of our programs, the development of talent and the costs of fixed assets necessitated by technical requirements, we have experienced satisfactory financial progress during the decade.

It is beyond argument that it is simpler and less costly to receive or to purchase programs already produced. As a result of this, the owner or owners of a station may, generally speaking, expect a higher return through use of these programs.

It is thus true to say that the margin of security would diminish considerably for a television station or network if the CRTC's proposals were applied integrally. And this is a point which should be emphasized since an overly reduced margin could compromise the financial balance of the station. This threat to operational stability would bring about a reduction in the quality of services. Any possible or eventual fragmentation of advertising revenue in the field of television therefore



must be a matter of general concern in the future.

It should suffice to mention the avowed commercial aspirations of community antennae to cast doubt immediately on the future profitability of television stations.

Confident of the economic growth of our country and without wishing to raise undue alarm, we believe it our duty, however, to underline the fragility and vulnerability of our industry in the face of these new regulations. While sympathizing with the problems experienced by the industry generally, for Channel 10 the new regulations signify the following:

The season September 1970 to September 1971, subjected to the regulations suggested by the Commission relative to Canadian content, would be launched without difficulty since our hourly schedule even now slightly exceeds the required 50 percent. However, in September 1971, we would have to add about seven hours of live programming between 8 a.m. and 6.30 p.m., and three hours and thirty minutes between 6.30 p.m. and 11.30 p.m. A preliminary estimate indicates an additional expenditure of \$1,050,000.00 annually.

To do this, we would have to put a halt to our program of technical installation for color telecasting and invest major amounts in the preparation of new programs. Taking for granted that there will be certain changes in regulations, we already have initiated the necessary steps because the corrective measures to which I refer require a good deal of time for the creation of programs, for the purchase, delivery and installation of electronic equipment.

As I mentioned earlier, we benefit at the present time from an advantageous situation by virtue of our past involvement in the production field. We operate a well-organized production centre, with a competent and dedicated staff, and we are ready to take up this new challenge. However, we believe it would be in order for the Commission to modify its new directives slightly.

We are of the opinion that the Commission should study the possibility of reducing Canadian content of programs from 60 percent to 55 percent for September 1971 and to accord us a subsequent period of 12 to 24 months before demanding full implementation of the new regulations.

This slowdown would allow a more harmonious adaptation on our part as well as a more rational evaluation of long-term projects which could be produced. The considerable financial efforts required of our industry should not be minimized. In our case, what formerly could be considered a normal operational profit margin would drop to a questionable level of protection in the two years following the year 1970-71. Here we open a parenthesis regarding our competitor.

While the private station must create an audience for itself through acceptable services which are paid for entirely by advertising sponsorship, the state station draws largely from the taxes paid by all taxpayers and overestimates its revenues by splitting up its budgets for advertising sponsorships through solicitation of advertisers. This is equivalent to subsidizing advertising.

To achieve the new proposed objectives, it appears to us more essential than ever to insist that the French network of the Canadian Broadcasting Corporation adopt a commercial policy compatible with normal competition, i.e., that a stop be put to the subsidization of programs and networks for the benefit of national and local clients and that the time rate of stations controlled by the Canadian Broadcasting Corporation be compatible with nationally-recognized criteria. I would go so far as to say that the implementation of our expansion program is related to this process of uniformity.

Few or no broadcasters or networks have the means to cope with annual deficits of one or two millions for one or more years. You can understand readily that with an annual investment of ten and a half million dollars in our programs, the losses which I cite are within the realm of possibility. Despite constant attention to control of our costs, a rising fluctuation in our expenditures is inevitable. Increases in fees paid to artists and musicians, as well as statutory raises budgeted for a staff of nearly 500 permanent employees, are other costs which we must absorb.

It should not be forgotten that 58 percent of the 6,092 annual hours of live telecasting by Channel 10 in 1968-69 required the services of 1,977 Canadian artist-participants to whom total fees of \$1,895,000 were paid. This year, 1969-70, these fees will top \$2,100,000. The figures do not include the producers, announcers, decorators, graphic artists and technicians in the permanent employ of Télé-Métropole. The commercials produced in our

studios by JPL Productions Inc., one of our subsidiaries, are executed by Canadian participants exclusively and this company pays annually the sum of \$120,000 in fees.

You can conclude quickly that the continued immobility of the CBC's commercial rates, in regard to the sale of time as well as in regard to production, would be but an additional contribution to possible asphyxiation.

If I reiterate this aspect of the problem, it is because for Channel 10, under the circumstances, it is of vital importance. The CBC often outbids us for the stars we have developed. In such cases, we fulfill the rôle that the state corporation should carry out. However, we refuse to grant to the CBC the privilege of reselling the programs produced with these artists by subsidizing them in regard to our clients; this is an intolerable situation which definitely would compromise the eventual orientation of Canadian broadcasting.

One of the reasons for my presence today is to protest vigorously against this system which can no longer continue. Channel 10, which commits itself each year with an operations budget of many millions of dollars, cannot depend on the goodwill of the commercial director of CBC.

The pursuit of this policy surely will compromise in future the normal progress of the second French-language system in Quebec.

In nine years, we have had to double our sales rates to protect our enterprise. The Canadian Broadcasting Corporation, on the other hand, has budged only slightly, if at all, in its advertising rate schedule. Apply, for a moment, this sort of competition to our country's airlines. How long could Canadian Pacific resist the assaults of Air Canada if the latter, strengthened by federal subsidies, cut its fares in half?

How many Canadian newspapers could stand up to publications sponsored by the federal government, produced at high cost with the best journalists of private industry, and selling its advertising at a rate and the newspaper itself at half the price of its nearest competitor?

These examples are as plain as a pikestaff and demonstrate graphically the CBC's unfair position in the commercial field. We believe this situation must change if a truly Canadian television industry is to survive.

A final word in connection with Canadian content. For the past two years, we have exerted certain pressures on American producers so that French dubbing of their programs be carried out in Canada. Among the reasons given is the fact that these programs would be accorded a Canadian content percentage.

We have asked the Commission to recognize that a part, minimal though it might be, of the Canadian percentage required be allotted in this form. For our part, we have paid in the Montreal region, in the past two years, some three hundred thousand dollars to artists in dubbing fees. I am convinced that this is an aspect of artistic activity which should be taken into consideration.

It is clear that the position of the purchaser is weakened and his argument becomes less valid in favor of dubbing in Montreal rather than in Paris if the Canadian status of the program vanishes completely. By the same token, I would recommend that the French dubbing of feature films benefit from the same amendment to the proposed directives. We have not become involved in this aspect of dubbing but we believe it would be possible to create a certain amount of work in this area.

Finally, commercial policy: We have noted the absence of any special commercial consideration for the total sponsorship of programs. Though total sponsorship of programs has dropped considerably in the past five years, Channel 10 still carries an important number. Application of the proposed regulations would signify the end of sponsorship of programs of 15 and 30 minutes and one hour.

You will appreciate that it would be difficult for us to require a one-product sponsor to link the four commercial messages allowed him in a half-hour and the two minutes of a 15-minute program. This point is most important because it involves the very philosophy of program production.

We always have promoted the sale of programs energetically because the sponsor, seeking a higher level of identification in a given market, is prepared to pay a certain premium. Since we began operations, we have sought program sponsors specifically to help us sustain our operational expenses which always have been very high.

Without having succeeded completely, we have retained a certain number of program sponsors and co-sponsors. It would be onerous for us if these sponsors—clients not only of



Channel 10 but usually also of our associated stations—were to turn to the policy of purchasing spots. We have asked that an exception be made for sponsored programs and that, in the event of total sponsorship, the four commercial messages be considered as two breaks only.

To recapitulate our brief observations on the regulations suggested by the CRTC even as we reiterate our support for the objectives proposed, we make the following recommendations:

1. Extension of the period required to attain the level of 60 percent Canadian content.
2. Recognition of partial Canadian percentage for programs and feature films dubbed in French in Canada.
3. Special category for sponsored programs.
4. A review of policy governing the number of breaks in so-called spot carrier programs.
5. For us, any increase in Canadian content must be related directly to an evaluation of the CBC's commercial policy.

All these remarks are inspired by two factors:

1. Our desire to fulfill adequately the important rôle of a broadcaster and to accept fully the responsibilities which it implies;
2. The need for a private station to gain sufficient advertising revenue to carry out this function in every way.

We have endeavored in the first part of this brief to show you a profile of what we are, to describe what we wish to become in future and the conditions which are essential if we are to succeed.

**The Chairman:** Well, now, I am going to suggest I do not think it is necessary for you to read the balance of the brief.

**Mr. Giguère:** Thank you, Mr. Chairman.

**The Chairman:** Because up until there I think you have been talking substantially about CFTM and I think it was good to read that to the Committee. The balance of the brief certainly some of us have read and I know I have some questions on the balance of the brief anyway.

I do not think it is necessary for you to read it. I think with respect I prefer to turn to the questioning because, as you know, we have a second brief this morning. I have some questions I would like to ask you.

The questioning will begin in a moment with Mr. Fortier. His questions will be in French, but certainly the questions I have for you will be in English. The other Senators may speak either French or English, but whichever language we speak to you in, by all means you answer in French.

**Mr. Giguère:** Thank you, Mr. Chairman.

[Translation]

**Mr. Fortier:** Mr. Giguère, there is one French network in Canada, is there not—the CBC network? CFTM in Montreal is the largest television station in Canada. I notice on page 15, of your brief, that you speak of your “associated stations”, and that you also talk of the possibility of establishing a second French service in Quebec.

Can you tell us, to begin with, in what respect and in what way you are associated with other French stations—other private stations in Quebec; and, secondly, whether you are considering establishing a second French service in Canada in the near future?

**Mr. Giguère:** In answer to the first part of your question, in Quebec City and in the Chicoutimi area, there are two television stations (one owned by the CBC and one affiliated with the CBC), and two independent stations. With the Quebec City station, we have...

**Mr. Fortier:** CFCM in Quebec City and CJPM in Chicoutimi.

**Mr. Giguère:** That's right. We are associated to some extent with these stations on a programme-supply basis. What binds us together at the present time—or what, if you wish, constitutes the link—is the fact that these programmes which we produce, are broadcast on the channels used by these stations and are sold by one particular company. It is therefore a commercial bond which currently links us with these two stations.

**Mr. Fortier:** Which company sells the programmes?

**Mr. Giguère:** There is no outside company, Télé-Métropole sells the programmes.

**Mr. Fortier:** Then it is your company?

**Mr. Giguère:** That is so. To answer the first part of your question, the reason we do not



speaking of affiliates is because we are associates. There is no third company, no third party control, if you like. There is a measure of association among the three stations.

**Mr. Fortier:** Is it only at the programme level, or does it extend to the advertising level as well?

**Mr. Giguère:** At the programme and advertising levels. Concerning the second part of your question—we announced, in June last year, that it was our intention to become a network before the end of the year—that is, we shall ask the Commission for permission to operate using the microwave transmission facilities for a certain number of hours each week. When that time comes, we shall officially form ourselves into a network. I would point out to you that the second French service in the province does exist—but it exists unofficially.

**Mr. Fortier:** Unofficially. Have you made a formal application to the CRTC?

**Mr. Giguère:** We propose to do so before the end of the year.

**Mr. Fortier:** Would this application today take in only the other two stations of CFCM and CJPM, or would you possibly want to include more stations?

**Mr. Giguère:** Let's say that the first part of our project would include those two stations. May we also say that if we are to provide a second complete service, then, clearly, we should have to think about bringing other stations in the Province of Quebec into the association. When that happens, they will have to ask to be released from their affiliation with the Government-owned network in order to join the second service.

**Mr. Fortier:** Right. Is it the Chicoutimi station or the Quebec station that is affiliated with the CBC?

**Mr. Giguère:** Neither the Quebec station of CFCM nor CJPM is affiliated with the CBC. They are independent stations.

**Mr. Fortier:** So they are independent. Firstly, a rather nasty question, but I am going to ask it just the same—is it to make more money or to compete more effectively with the CBC that you want to double your size by forming a network?

**Mr. Giguère:** May we say first that the main point of the exercise is not to make money because—and we have stated so pub-

licly—the establishing of a second broadcasting system using microwave facilities will not be a source of revenue. The ideal attitude which is the one we have at the present time is to try to offer a better service.

**Mr. Fortier:** For the viewers?

**Mr. Giguère:** Exactly!

**Mr. Fortier:** I suppose, too, that it is to provide competition for the CBC because there is strength in unity?

**Mr. Giguère:** We already compete with the CBC as is clearly indicated in the brief. When we talk, if you like, about the commercial aspect, and if you are talking about our competition—and I am not speaking merely for myself not just on my own behalf, let's say, but I am speaking for our associates at the same time—I am expressing an opinion that is held quite commonly in that respect.

**Mr. Fortier:** Will this second service, this second French broadcasting network, also benefit non-Quebeckers some day?

**Mr. Giguère:** It is quite possible because, there are large groups of French-speaking people outside Quebec, and it will be a part of our long-range plans to associate with those groups in some form or other. You know that the ways and means are infinitely varied, but anyhow, we intend to provide a second French service. May we mention, for example, the part of Ontario adjoining Quebec where there are large groups of French people...

**Mr. Fortier:** New Brunswick too?

**Mr. Giguère:** Yes. New Brunswick too.

**Mr. Fortier:** That forms part, as you say, of your long-range plans?

**Mr. Giguère:** Yes.

**Mr. Fortier:** I see that in your brief you are continually referring to the CBC competition and I get the distinct impression that, where you are concerned, this competition is—I was going to say "unfair" but that is not the right term. Is it competition that is harmful to you? Is that what you are asserting?

**Mr. Giguère:** You know, we are wholly in agreement with the principle that the CBC remain in commercial competition. We do agree with that principle.

**Mr. Fortier:** Are you not of the opinion that the CBC ought to be barred from commercial competition?

**Mr. Giguère:** Not at all. We believe that it is necessary to have competitors at the commercial level in all the markets in the Province of Quebec and, if you wish, to carry it further, we might say markets throughout Canada. What we do not agree with, though, is that the CBC should subsidize the sponsors. That is what is happening.

[Text]

**The Chairman:** May I just ask at this point a question which is interesting to me. I do not know the answer to it. Perhaps you do not know either but is the CBC more commercial in French on its French network than it is on the English network? Do you know off hand.

**Mr. Giguère:** Off hand I would say it is more commercial.

**The Chairman:** Is it about the same?

**Mr. Giguère:** It is about the same. I would say that, generally, the criteria or the basis of the commercial aspect of the activities would be the same.

**The Chairman:** I take your point. I just wondered if it was more commercial.

[Translation]

**Mr. Fortier:** If your representations are received favourably and the CBC agrees to raise its advertising rates to a more reasonable level, will you then concede to the CBC the role it now plays in the field of broadcasting, or do you advocate a change in this role?

**Mr. Giguère:** In saying that, are you talking about its role as a broadcaster?

**Mr. Fortier:** Yes.

**Mr. Giguère:** You are putting me in a difficult position because I would like to judge the CBC with greater objectivity.

**Mr. Fortier:** I am sure you are going to do so.

**Mr. Giguère:** I would like at least to try to be objective. I think the CBC...

**Mr. Fortier:** When they came, they were asked what they thought of you.

**Mr. Giguère:** The CBC plays a very important role, a vital role, not only in French but in English too all over the country. I believe that the CBC does things that are altogether outstanding and produces broadcasts of excellent quality in some sectors.

**Mr. Fortier:** Broadcasts that the private stations could not produce. Is that what you are getting at?

**Mr. Giguère:** Yes. It is.

**Mr. Fortier:** Can you give some examples?

**Mr. Giguère:** I shall give you an example. If a concert with 110 musicians is broadcast on a Sunday evening, you can quite understand that the expenses on that occasion are astronomical. In private industry—I am speaking for us at Channel 10 and the stations which work with us—we do not have that kind of money, because such a broadcast is actually a purely cultural endeavour. And from that angle, the CBC has done a great deal in the past and I believe—and this is only an opinion—that the hand of the CBC French network has been forced over the past 4 or 5 years. Perhaps in some cases the cultural aspect of the broadcasts has been trimmed down, if you wish. And then again, we might say that this is constructive, that it is perhaps time the CBC realized that, in order to enter into dialogue with the public, one may produce avant-garde broadcasts and broadcasts of an extremely high cultural nature but, from another standpoint, it is essential not to get so far ahead of the audience that it cannot catch up.

In this respect it has to be acknowledged that, on the French network over the past four years, the CBC has been much more competitive than it ever was at the programme level. And to some extent this is what gave rise to my comments on the commercial aspect, because that aspect is definitely competitive. When the cultural level is mentioned, it is obvious—I am talking, you know, about the purely cultural (symphonies, stage productions, operas and troupes that are going to charge something like \$85,000 or \$100,000 for the presentation). It is obvious that that is one of the roles of the CBC. I believe that the CBC does in part fulfil its role.

There is need for the CBC, as there is need for all broadcasters, moreover, to carry on a continual analysis and evaluation, because they are in a society which is passing through an exceedingly rapid phenomenon of evolution. Therefore, the broadcaster who seeks to reflect his impression of it and who wishes, of necessity, to keep ahead of it, is obliged to reappraise his attitudes towards his audience. And it is perhaps something the Corporation does not do enough of. That is a very general



comment, you know. But you are asking me for my impressions, and I am giving you one.

**Mr. Fortier:** It is one of the reasons for your being here, and to pass on to us the benefit of your experience. You have already worked at the CBC, have you not?

**Mr. Giguère:** I was one of the pioneers in CBC television. I was one of its first employees.

**Mr. Fortier:** If you were general manager at the CBC today, Mr. Giguère, what would you do to improve it?

**Mr. Giguère:** One of my former classmates is general manager of the French network, and it is fortunate that he is not here this morning. Certainly—and I am returning here to my theme when I speak of reassessment—I believe the CBC should reassess its position. That would be the first thing. First I would discuss a philosophy, and I would assemble a team of people who agreed with it; there would be a redefining of objectives, because it is so easy, in an organization as huge as the CBC, to lose sight of objectives that may have been set five or ten years earlier. It is very difficult to communicate in an organization with five or six thousand employees, some French-speaking and some English-speaking. Without a doubt, the first change I would make would be to redefine objectives, so as to be quite sure that all my senior staff members were fully conscious of them and I would also examine the system of communication.

**Mr. Fortier:** Such problems are no doubt linked to the size of the undertaking?

**Mr. Giguère:** Of course.

**Mr. Fortier:** Are you not afraid that your second French network may have to cope with the same problems one day?

**Mr. Giguère:** You can rely on me.

**Mr. Fortier:** I know your viewers have always relied on you, and that it has paid off. The CBC is a huge public undertaking; CTV is the second English network in Canada, with 13 English-language stations across the country; and CFTM wants to set up...

**Mr. Giguère:** Officially, the second French network.

**Mr. Fortier:** Is there going to be any room left in Canadian broadcasting for a small independent station?

**Mr. Giguère:** Of course, I think it is difficult to give you a general answer, but perhaps I could give you the basic premise of my thinking. I start from the principle that here in Canada (and I have thought about this many times because we are directly involved) we must look to the future. I think there is room in Canada for two complete systems, one publicly-owned and one privately-owned, both with English and French networks. I would mention another very important aspect to you—finance, the future availability, as far as I can predict, of funds for the operation of broadcasting enterprises. I do not see how the media can accommodate a third station, or system.

I touched briefly on the question of cable. It is obvious, heaven knows, that if cable systems were left to themselves—I am not criticizing the cable systems, I would like you to accept my statement as a technical comment; I am making a very cool analysis (clinical, if you like)—that if cable systems were left to operate without regulation, broadcasting stations would obviously be doomed from that moment on. This is because if, in 15 years' time, all the households in this country, or 90 per cent of them, were hooked up to cable systems, well—if conditions are imposed on cable companies, as are imposed on broadcasters...cable, you know, is a medium—

**Mr. Fortier:** A technique.

**Mr. Giguère:** A technique. It is a vehicle, it transmits a picture or a signal.

**Mr. Fortier:** Because according to its original definition, cable is only a means of improving the quality of service. It was with that in mind that it was designed, anyway. But today, the CRTC says...

**Mr. Giguère:** They have opened the door.

**Mr. Fortier:** ...you have the technology, you have developed it and we are going to regulate it; and now they are saying produce some programmes; is that correct?

**Mr. Giguère:** Yes.

**Mr. Fortier:** That is what the CRTC has said to the cable companies?

**Mr. Giguère:** The CRTC specified the nature of the programmes. They said: render a service to the communities in which you operate—give them better service. In addition, Pierre Juneau said two years ago in Quebec City...



**Mr. Fortier:** In May, 1969?

**Mr. Giguère:** Last year. He was giving a clear statement of CRTC policy when he said that the cable companies should not hope to attack national advertising because that would contribute to the fragmentation of advertising revenues.

You know, that is not something to be left to chance, knowing whether one will make two million or one million. It is a purely technical and financial question. If you look into it, you will find that at Channel 10 we will spend \$10,800,000 before we make a nickel this year—\$10,800,000 in cold cash. So there is a tremendous risk in every season. That is why witnesses appearing before the CRTC, and before you this morning, say that you have to realize that the available funds amount to just so much, and when the advertising revenues have been distributed between the public and private systems, there is nothing left. So if you split those revenues, you endanger the very existence of our business. You know, a company like ours can easily lose a million dollars if we are investing \$10,800,000 annually. It is very easy to do so. You just have to be a little out in your calculations, and you end up with a loss.

**Mr. Fortier:** I am following your remarks with interest. You went very far when you said that the cable industry may mean the end of broadcasting stations as we now know them.

**Mr. Giguère:** If...

**Mr. Fortier:** If it is not regulated?

**Mr. Giguère:** If cable systems are granted the privilege of national advertising and the sale of regional and local advertising, and if the programs they distribute are not regulated, then I claim that the very existence of broadcasting enterprises as we know them today hangs in the balance.

**Mr. Fortier:** As you know, when he made the CRTC announcement on April 10, Mr. Juneau went so far as to say that the Commission will be able to authorize the establishment of cable television networks. Do you not think the CRTC is moving towards a policy that will result eventually in the elimination of television stations like yours and those of the CTV network?

**Mr. Giguère:** I think the CRTC has stated its policy. No statement has been issued that conflicts with those already made.

**Mr. Fortier:** Agreed.

**Mr. Giguère:** And it is taken for granted before stating another policy but it should not be thought that resistance to change—if I criticize the CBC for not increasing its advertising rates—you should not think that because we are in a television station, we should stand still. No; where cable TV is concerned, when the crunch comes a way will have to be found of incorporating production facilities into the cable system.

**Mr. Fortier:** Facilities like your own?

**Mr. Giguère:** It goes further than that. Last fall, Eugene Hallman, Vice-President of the English network, made a statement that corresponds curiously to what you are saying this morning. In the future, there will obviously be dangers for broadcasters, but that is part of developments in business life. We are prepared to accept that. Production facilities will always be important, because the cable operators like the broadcaster, will necessarily want programs. You have to know how to turn out programs, and it cannot be learned overnight. You know, we built our production centre, we have been producing for nine years, and as I said, we are constantly reassessing ourselves. You must not think that simply by deciding one day to have a television program schedule, one can have it just like that.

**Mr. Fortier:** Programming will have to be created?

**Mr. Giguère:** That is why we feel safe to a certain extent, because we have what I believe is the best organized production centre in Canada.

**Mr. Fortier:** Would not the ideal be what Mr. Bushnell and his company are in the process of doing—buying a few major television stations such as those in Ottawa, Montreal and particularly Cornwall, and also buying cable TV systems in order to be ready to cope with any eventuality? Should not a company like yours be moving in this direction? Should it not take such steps in order to protect its flank?

**Mr. Giguère:** That is a good question, and we have thought about it. Upon examination, however, and in addition to the conclusions with which I have already mentioned, we found that the amounts involved were enormous. To gain majority control of the cable systems in Quebec, say, would perhaps take \$75 million. That is a tremendous sum, and I

for one am not prepared to bank \$75 million on the future of cable.

**Mr. Fortier:** You do not think it is the system of the future?

**Mr. Giguère:** I think cable systems are capable of being that, but there may be other systems as well. It should not be forgotten that the cable, if you stop to consider it, is a "pet theory". We started with the telephone, then wireless, then we turned to microwave transmission, then the cable, and satellites are next. So which is it to be? There will be something else, you know. I am told that work is being done on lasers. Some very advanced studies are being conducted in New York. I do not know what the laser is going to do in communications, but it may have an extraordinary influence. I am not an engineer or a technician, but let us just say that I do some reading from time to time in order to know what is going to happen. Nothing is absolute, you know.

But we are discussing the principle, if government authorities, acting through the CRTC, decide that—well, I think if that is the case now, we are talking about 10 or 15 years. I would like to remind you that in Montreal, only 14 per cent of households—and cable has been there for 10 or 15 years or whatever.

**Mr. Fortier:** But it is increasing at a rate of 35 to 40 per cent annually.

**Mr. Giguère:** It is rising more quickly. But the fact remains that the majority of households do not have it yet, and I do not think you will find a majority of households with it over the next five years.

[Text]

**The Chairman:** Just what percentage of the homes in Montreal have cable?

**Mr. Giguère:** About 14 per cent.

**The Chairman:** Would this 14 per cent be equally divided between French and English homes?

**Mr. Giguère:** I would not hazard a guess in this but I would suspect they would be in the majority for English-speaking people in Montreal.

**The Chairman:** There would be more English using cable than French?

**Mr. Giguère:** Yes.

**The Chairman:** The French-Canadians who have cable in Montreal presumably would be bilingual—all of them would be.

**Mr. Giguère:** They would, yes, their first interest would be in American programs, but if you stop thinking about the utility of cable in the Montreal area, if I may say so, with a very simple antenna you can get these same American stations and you can get a very high-class antenna for \$125.00 with beautiful reception from the frontier stations, and it will cost you ordinarily \$6.00—by the month—so there is an economic factor also, and cable will not give you much better quality than you would get with your antenna.

**The Chairman:** With a good antenna.

**Mr. Giguère:** Yes.

[Translation]

**Mr. Fortier:** Before leaving this field in which you have enlightened us, Mr. Giguère, I believe it is appropriate for me to refer you to the last paragraph in your brief...

**Mr. Giguère:** I hope it is a good one!

**Mr. Fortier:** ...and explain to us to what extent the federal Government should help the private television industry in Canada.

**Mr. Giguère:** You have noted that it is a small paragraph of four and a half lines...

**Mr. Fortier:** It was thrown in at the last minute?

**Mr. Giguère:** I do not know what thought prompted it.

**Mr. Fortier:** You do not expect us to let it pass without comment?

**Mr. Giguère:** This is the basis of my thinking. I think it would be in the interests of the public at large if the Government were to assist broadcasters in one way or another. I can go no further, because I cannot give you an exact idea. But let us consider a parallel case. The Government now pays \$50 million to the film industry, in one way or another. It becomes a partner with a film producer and a company.

**Mr. Fortier:** There is an Act respecting it. Gratien Gélinas is President...

**Mr. Giguère:** Quite. I believe it would be a good thing if we were to study the possibility of making funds available to broadcasters for special projects. I mentioned some things we

could not afford to do, but if such funds were available—besides, the Government has an auditor for film production, and twice a week he visits producers to check on their expenditures, and so on. I do not see why television producers—since television is a very important mass medium, the most important in this country at this time, in my opinion—should not have millions at their disposal for some programs. These sums could be available to them, under Government control, and if a broadcaster such as ourselves, with production facilities, asked for funds, they could say: "Here's what we'll do."

**Mr. Fortier:** You cannot do it all alone.

**Mr. Giguère:** We cannot do it alone. If it were done merely with the advertising revenues we have, we could not afford it. But here it is, if you want it, our proposal in black and white, and this is what it can achieve; if you think it valid, then, place the funds at our disposal.

**Mr. Fortier:** You would not be afraid of having the CBC take it from you, then?

**Mr. Giguère:** The CBC already has its \$160 million a year.

**Mr. Fortier:** At that point, could not the CBC say, as you do: "Members of the House, you cannot have it both ways—either you have a single state-owned system, or you have two system?"

**Mr. Giguère:** That is correct. But I am talking about a few special projects, not regularly scheduled programmes. I mean unusual, ambitious ventures.

**Mr. Fortier:** Ambitious ones that might interest minority groups rather than your whole audience?

**Mr. Giguère:** Quite. I say again, a production centre has creative and production people with imagination and highly individual approaches to their work—we have some people with us who have some tremendous ideas. They cannot be implemented because of the very great risks involved. First of all, some of the things we do are not profitable. There are many programs in our schedule that bring in nothing. But the fact remains that we could take on and complete other things in other fields without hurting the CBC's subsidies.

**Mr. Fortier:** Télé-Métropole is not a public company, is it?

**Mr. Giguère:** It is incorporated under the Companies Act. It is a public company; control of the shares was held by Mr. DeSève, who died, and control has now passed on to his executors, of whom I am one.

**Mr. Fortier:** Who are the other shareholders, apart from the DeSève estate?

**Mr. Giguère:** There are almost 175 shareholders, including those with minority interests.

**Mr. Fortier:** You have never resorted to public financing, have you?

**Mr. Giguère:** No, never.

**Mr. Fortier:** This is just to establish the basis of my question. You say that Mr. DeSève, the majority shareholder, died; I am sure that as his executor, you have had occasion to regret the rates of death duties that have had to be paid?

**Mr. Giguère:** That is a good question!

**Mr. Fortier:** Since the Committee's hearing began, suggestions have been made to us by various broadcasters and newspaper publishers. Do you personally recommend that in the media, it would be a good thing for death duties to be deferred, say, until the shares pass out of the hands of the family that are the original owners? Are you with me so far?

**Mr. Giguère:** Yes, I follow you. What you are suggesting is that upon the death of the majority shareholder, as in our case, the death duties we have paid—we have only paid part of them, and negotiations are still going on about the rest—should be left available for operating the business; I would say that it would do no harm, in our case at least.

**Mr. Fortier:** There have been many cases, as you know, in which the owner of a business has died, and the heirs have had to sell it in order to pay the death duties. As I said, some witnesses have told us that it will create a distinction between those Quebec companies that are in the news and information business, and industries active in other fields.

**Mr. Giguère:** I certainly do not object to leaving death duties within the business to be used to improve it. Perhaps that is the approach I suggest to you in the paragraph we mentioned; it is a possibility.

**Mr. Fortier:** Do you and your fellow executors intend to seek public financing for Télé-Métropole in the near future?



**Mr. Giguère:** You know, we have—certainly not in the near future, and if we can avoid doing so, we would very much prefer to run the business as at present.

**Mr. Fortier:** You do not think there are advantages in having a broadcasting business belong to the public?

**Mr. Giguère:** Oh, there may be some advantages, yes. It can make development capital available to management, but you know, that gets at the very heart of a business. I mean the life of a company, its growth and development. If these can be financed out of the corporate income of any company, unless someone wants to make a capital gain—we both know that a majority shareholder can put shares on the market to establish their value, and thus increase his personal fortune to a certain extent but if it not essential to the actual running of the company—in any case, it is out of the question for us at the moment.

**Mr. Fortier:** That is not wishful thinking?

**Mr. Giguère:** No.

[Text]

**The Chairman:** I wonder, if I may interrupt, on a somewhat different subject for a moment.

**Mr. Fortier:** I was about to change the subject.

**The Chairman:** If I may interrupt for a moment I would like to ask Mr. Bélanger; I would be interested in knowing how your rates compare with those of CFTO, Toronto? CFTO was before the Committee yesterday morning. What is your cost per thousand in prime time?

**Mr. Gaston Bélanger (Vice-President, Sales, Télé-Métropole Corporation, Montreal):** Well, the average cost per thousand in the prime time area which is 7 o'clock to 11 o'clock is in the vicinity of \$1,230.

**The Chairman:** \$1,230.00

**Mr. Bélanger:** Yes. That is global. That is the base,

**The Chairman:** Would that be the best in Canada?

**Mr. Bélanger:** On a BBM basis, no. I think the CBC stations are definitely best. In the private stations, just because they have a larger audience, with a higher rate than the majority of the stations.

**The Chairman:** I have a question which I have wanted to discuss throughout the hearings and I have never raised it because time has not allowed—and of course we are finishing our hearings on Friday. There is a reference towards the end of your brief about ratings. I would be interested in knowing how many rating services your station subscribes to.

**Mr. Bélanger:** Well, we subscribe to two rating services. We subscribe to BBM, the Bureau of Broadcast Measurement, which is industry sponsored.

**The Chairman:** Yes. We are familiar with them.

**Mr. Bélanger:** And also with Nielsen.

**The Chairman:** You subscribe to both.

**Mr. Bélanger:** We subscribe to both.

**The Chairman:** From time to time is there a great variance in their figures in terms of—presuming this is 11 o'clock on a Wednesday morning, when the surveys do come out, does it sometimes happen Nielsen reports one figure and BBM reports another for the identical time period.

**Mr. Bélanger:** They may vary but slightly.

**The Chairman:** It is only slightly?

**Mr. Bélanger:** It varies slightly and if you took a common instance over a period of a month with both services, you will see that there is a parallel. They are pretty well just the same.

**The Chairman:** Well, then, why do you subscribe to both?

**Mr. Bélanger:** That is a very good question. I think it is partly an evolution. Actually we have subscribed from the beginning to BBM. There were some problems at one time, some doubts to the validity of BBM within the industry.

There have been some major changes in the management of BBM, so we went back to BBM because we felt it was giving us two things, a confirmation of the performance of our shows and giving us two surveys, to be able to see if there is a pattern.

**The Chairman:** Aside from those two national services, are there any other major national survey companies who are active, who try to sell you their services, or are those the two major ones?

**Mr. Bélanger:** Those are the two major companies.

**The Chairman:** Which one of those services is most recognized by the advertising agencies, or are they both?

**Mr. Bélanger:** Well, there again there has been an evolution. Some years back Nielsen was the one that was recognized but today BBM is receiving the acceptance of the majority of advertisers.

We feel we must have both because of our clients who subscribes to Nielsen. Consequently in order to be able to analyze the situation, we subscribe to Nielsen and use Nielsen for them because this is the criteria they use for buying.

**The Chairman:** Are you satisfied as to the authenticity of the ratings? Do you think they are a reasonably accurate reflection of your audience.

**Mr. Bélanger:** I believe so.

**The Chairman:** You use them to sell advertising, I know, because I have done that myself. Mr. Giguère, to what extent do you use the ratings for programming a station.

**Mr. Giguère:** Very much.

**The Chairman:** Would you explain to us how that happens.

**Mr. Giguère:** Well, another reason why we have two systems is that they differ considerably in their methods. When Nielsen came in, they had a different method than BBM had. This may be another reason why we have been subscribing to both services but we use this in the analysis of the audience.

For instance, if you are creating a programme you want to see the impact of this programme on a very specific sector of your audience. If it was teenagers, for example, the result of the ratings will indicate to you if you are reaching your teenagers, because they make a very thorough analysis.

**The Chairman:** Both companies?

**Mr. Giguère:** Both companies now; whereas they differed considerably when they started. Nielsen was giving the number of homes when they started. BBM was giving the circulation. That was two different approaches to the rating system but now they are considerably the same.

You know, the two systems have adjusted as they went along.

**The Chairman:** What is the circulation of your station?

**Mr. Giguère:** Well, the last statistics we had was \$40,000,000 in viewer hours every week.

**The Chairman:** How many individual people watched your station in a week, according to the surveys?

**Mr. Giguère:** How many?

**Mr. Bélanger:** Per week.

**The Chairman:** Or any statistics you want to give us.

**Mr. Giguère:** Well, let us say, just to give you an idea, between 6:30 and 11 o'clock we can say that we have 260,000 homes on an average per week, which, translated in terms of persons, can be anywhere between 800,000 to a 1,000,000 on average.

**The Chairman:** I have only one other question on the ratings. Is there any other information you would like to get from the ratings survey that you do not now receive? In other words, is there additional information that they could provide which would be useful to you.

**Mr. Giguère:** Frankly, no.

**The Chairman:** You have everything you need.

**Mr. Giguère:** Of course, we have got our own research department, mind you.

**The Chairman:** What do they do?

**Mr. Giguère:** They take these ratings and they project them and also from time to time we make our own surveys. We have people coming in and out of our station every day, hundreds of people, so if we want a feeling or a definite idea as to how we are performing or what people are really thinking we put forward very simple questions.

You go around and you ask 300 people to answer these questions and then you put them together and you have an idea. It gives you a very fair idea of how you are faring.

**The Chairman:** Mr. Bélanger, the Executive Director of the Canadian Daily Newspaper Publishers Association, Clyde McDonald is a former broadcast research man. Was he at one time president of BBM?

**Mr. Bélanger:** He headed BBM for a number of years.

**The Chairman:** Since he has been...

**Mr. Bélanger:** He had his own...

**The Chairman:** He had his own company, McDonald Research, as I recall. Since Mr. McDonald has moved over to CDNPA, which is now a matter of several years, have the daily newspapers become more competitive in terms of selling with statistics than they were at one time?

**Mr. Bélanger:** I believe, sir, they definitely have used a very different approach to what they were using in the past. There is no doubt the influence of Mr. McDonald in that area, in the area of statistics, is making a difference.

**The Chairman:** I have only one other question to ask you in this area. National advertisers, in making the big decision about using either print or television in a campaign in Quebec, for example, the decision he has to make is; does he use print; does he use television; does he use both; does he use something else?

Does he make the decision, in your opinion, primarily on the basis of statistics, audience reach or does he make the decision primarily on the kind of a product? I think I know how you will answer.

**Mr. Bélanger:** Definitely on the kind of product, not strictly statistics. There are a number of factors depending what strategy he intends to take for example the money available in the market.

[Translation]

**Mr. Fortier:** Mr. Giguère, as you say in your brief, giving figures to support your claim, Canadian content has never been a problem on Channel 10, and you make the suggestion that undoubtedly you made also to the CRTC, that of deferring introduction of the 60 per cent requirement for 12 or 24 months. You also mention that the effects of what you have done in this area have been felt in all branches of the arts, particularly in the record industry. I know that you are an experienced veteran in this field, in which you have been active for years, and I would ask you the following question. A station like yours has managed to develop French-Canadian talent, which was perhaps more readily available than English-Canadian talent, which tends to be diverted into the American market south of the border. Do you

agree that the operator of an English-language radio or television station faces a more acute problem than you do in meeting the content requirements proposed by the CRTC for television and AM radio?

**Mr. Giguère:** That is a complex question. I believe the problem is the same for everyone at the outset. As I said, setting up a production centre and getting it into operation demands a sustained effort. It is quite clear that in 1970, the English-language television broadcaster trying to meet the new requirement is somewhat hard pressed, because when he began his operations, he may not have noted this atmosphere, he may have taken a different approach. But as for minimizing the difficulties we face, and comparing our difficulties with those our English-language colleagues will face—no, I do not think they are insurmountable, and I have said so publicly.

**Mr. Fortier:** How is it that your English-language colleagues did not "create this atmosphere" I am using your own words now—but took a "different approach." Were they forced to do so, or did they do it deliberately, in your opinion?

**Mr. Giguère:** What you are asking me to do is to pass judgment on the motives of my English-language colleagues.

**Mr. Fortier:** But you are in constant touch with them, you exchange statistics and ideas?

**Mr. Giguère:** I think there are two different influences at play. You know, it is easier to programme using a ready-made product.

**Mr. Fortier:** Yes, I agree.

**Mr. Giguère:** So right away, you have an easy way out. It is easier to program, obviously. It is more profitable, too. The risk is less. These are reasons—I make no accusations, I particularly do not wish to make accusations against my English-language colleagues. They have made some pretty splendid efforts over the years; after all, they have done some very good things, and there can be no question of criticizing them; in any case, that is not my job.

**Mr. Fortier:** You understand why we are interested in hearing from you.

**Mr. Giguère:** I am giving you an opinion. Anyway, I said in my brief that it is easier to buy a ready-made programme, and it is more difficult to work in this country using live



performers. You know, it should not be thought that when we began operations, all the performers were there waiting for us. We discovered them, trained them, and made them stars.

**Mr. Fortier:** Is there any reason why your English-language colleagues could not discover English-Canadian performers, train them and make them stars?

[Text]

**The Chairman:** Well, it may not be a fair question to put to Mr. Giguère.

**Mr. Fortier:** I am sure Mr. Giguère will answer it or not.

**The Chairman:** We do not want to be unfair.

**Mr. Giguère:** To answer that question in all fairness I must say, they do some of that work. It is a matter of volume really because they are doing it, but the request presently is that they should do more. It is a question of...

[Translation]

**Mr. Fortier:** It is not insurmountable?

**Mr. Giguère:** No, not in my opinion.

**Mr. Fortier:** Do you still belong to the CAB?

**Mr. Giguère:** We still belong today.

**Mr. Fortier:** Why "today"?

**Mr. Giguère:** Because—and we said this publicly—we want to study the situation, first of all to discover what happened. We were astonished at the announcement, at the adoption of such a radical attitude, and we said that publicly, too. We said we would look into what happened before making a decision. We also stated that we might leave the CAB.

[Text]

**The Chairman:** Did not the *Toronto Telegram* in its Saturday edition say that you had left?

**Mr. Giguère:** Well, they may have said so. We did not.

**The Chairman:** Did they not?

**Mr. Fortier:** So did Joan Irvin in the *Montreal Star*.

**The Chairman:** They said in fact that you had left, but you were still considering your position.

**Mr. Giguère:** We are still a member of the CAB.

**Senator McElman:** Did you participate in the discussions up to the point of the presentation—that is the discussions of the CAB?

**Mr. Giguère:** Well, one of the members of our organization, Mr. Paul L'Anglais, is a Director of CAB. He sat in as a member of the CAB Board.

He suggested—and this also was declared publicly—amendments to the attitude of the CAB to the new proposals; and let us say that this is what we are looking into because after that meeting, there seems to have been some confusion. Something was left hanging up in the air apparently because I was definitely under the impression—I joined Mr. L'Anglais in Ottawa later that week—that the attitude of the CAB was not the one of complete negativity to the problem but one of, let us say, discussion.

White papers are put out for discussion and act is that we took the rules and regulations. We looked at what we are doing in our operation. I am not the judge of the other stations or other networks in this country, but we felt it was possible and we said so at that CAB meeting via Mr. L'Anglais who is a Director.

This is why we were so surprised not to say astonished, when publicly the legality of the CAB was really put in question.

This is an attitude that under no way shape or form we could be a part of. This is why we left the meeting.

**The Chairman:** The legality of the CRTC? You said CAB.

**Mr. Giguère:** I'm sorry, the CRTC.

**Senator McElman:** Would you then agree perhaps, Mr. Giguère, that between the point of the final meeting on the week-end of CAB, when it presumably reached a consensus of what its presentation should be and the point of that presentation, that there was perhaps a lack of communication within the CAB.

**Mr. Giguère:** That is what we are looking into, sir. That is what we want to find out. We want to find out what happened. You know, in a Board of Directors—I think there are 25 members on the Board. You can have 5 Directors that do not share the opinion of the majority and this is fine. We agree with the fact that the CAB could have presented a brief that would not be in line with that one.

We agree with that principle because this is a democratic process. We agree with that.

But what we cannot agree with was such a basic policy, because it is basic, you know, not to recognize the CRTC; and we could not share that point of view.

**The Chairman:** Senator McElman, have you any other questions?

**Senator McElman:** Not on that point.

[Translation]

**Mr. Fortier:** You spoke of certain American programmes that are dubbed in French. What percentage of Télé-Métropole's programmes are American and dubbed in French?

**Mr. Giguère:** As you can see from the figures I gave you, this is still a recent development; it started about two years ago. The percentage is not very high at present. But I can tell you that for the next fall season, I believe 50 per cent of the American programs we broadcast will have been dubbed in Montreal.

**Mr. Fortier:** In your own studios?

**Mr. Giguère:** No, it is done by companies that specialize in it.

**Mr. Fortier:** Before that, they were dubbed in Paris?

**Mr. Giguère:** Yes.

**Mr. Fortier:** Did Télé-Métropole initiate this trend?

**Mr. Giguère:** No, the CBC was first, I have to admit that. Then we followed suit, and why not? The amounts involved are considerable, you know. To give you an example, a series of 40 programmes can come to, I don't know, somewhere between \$60,000. and \$75,000 in fees per series. It provides work for performers, in the meantime.

**Mr. Fortier:** You recommend that for such programs, the CRTC should recognize a percentage of Canadian content, and that there should be a points system. Is that what you recommended to the CRTC?

**Mr. Giguère:** That was more or less it, yes. The idea is that a 5 per cent Canadian content should be allowed for that as part of the CRTC's total content requirement; I suggested 5 per cent. This gives us a much stronger argument when we are dealing with an American producer, because we tell him quite simply: "Look, we have to think about

Canadian content; and if we dub it in Montreal, we get 6 per cent; if we dub it in Paris, we don't".

**Mr. Fortier:** You say you favour a press council for Quebec. In your view, would such a council have a different function from that which the CRTC is supposed to perform and tries to perform?

**Mr. Giguère:** I think so.

**Mr. Fortier:** Could you give us some idea of how it would differ?

**Mr. Giguère:** First, I should like to make it clear that the press council would be concerned only with information and news, not with programming. I think that a press council with sufficient prestige would be very useful, because in the course of a year, there is quite a variety of problems that confront broadcasters and newspapermen, perhaps the latter more than the former. I should tell you that the man who put this proposal to us was a print journalist. He came to see us and explained his proposal, and we listened carefully and said yes. It is a prestige organization, for all practical purposes, in which the public, journalists and owners of broadcasting companies or newspapers would all have a say. It is a body without specific powers, but if it pronounced an opinion on some serious matter, it would—shall we say—carry weight.

**Mr. Fortier:** What is known in Europe as a "court of honour"

**Mr. Giguère:** Yes.

**Mr. Fortier:** You are doubtless familiar with the press council that operates in England; as you know, it has only a moral power and only over print, not the electronic media. My question really was: why do you feel it is necessary in Canada, in general, and in Quebec, in particular, for the electronic press itself to be subject to a press council?

**Mr. Giguère:** Note that when you say "subject", that may be a bit strong.

**Mr. Fortier:** Voluntarily subject.

**Mr. Giguère:** Remember, we have never had any major problems. It was 10 years last February, and we have never had a major problem. But I believe the machinery is valid and that is quite an arbitrary opinion on my part. My statement is not based on any problem I could specify, but ..

**Mr. Fortier:** ... if there had been a press council?

**Mr. Giguère:** That is exactly what I am trying to say. We have never had problems or libel suits, or the like.

**Mr. Fortier:** In the area of news and information?

**Mr. Giguère:** Only in that area, which we share with the print media.

**Mr. Fortier:** What are you doing today at Télé-Métropole to ensure that when an important issue is being publicly debated, Canadians will hear both points of view? I am thinking of things like the letters-to-the-editor and readers' columns in the print media. More and more newspaper space is being given over to what we might call dissent. What are you doing in this area as far as television is concerned?

**Mr. Giguère:** First, our producers, announcers and programme hosts have been warned about being objective. That is what we aim at when we deal with an issue. But if you ask whether we present both points of view on every controversial subject we handle, I will say no, because it would take twice as much time.

**Mr. Fortier:** Twice as much money?

**Mr. Giguère:** But what I do, for example, in support of our claim to objectivity, we have never refused any group or individual asking for air time to express his or their views. I can assure you of that. I am going to give you a specific example. You know there have been some very controversial political issues in Quebec, during the last two years, particularly. We did our duty as broadcasters and presented the facts. On one occasion, with Bill 63—and heaven knows, there was a good deal of protest over that—after presenting the facts, we were criticized by those who did not share our attitude at all, and we gave them equal air time at our expense. Things like that.

**Mr. Fortier:** That is a good example.

[Text]

**The Chairman:** I want to terminate this session so that we can turn to the next witness in a few minutes. I am not saying we do not want to ask more questions. Of course, we do, but I would like the Senators to be mindful of that. I know Senator McElman has some questions and I think Senator Smith has some questions.

**Senator Smith:** That is alright. Most of mine have been answered.

**Senator McElman:** On this subject you are just speaking about, Mr. Giguère, I would like to put this question, not in the context of your station but all broadcasters generally in Quebec. It is very obvious that there is quite a bit of discontent in Quebec.

Do you believe that broadcasters generally in the province have led public opinion here, participated in public opinion or simply reflected public opinion, or is it a combination? Can you give us your view on that.

**Mr. Giguère:** Well, I cannot generalize, Senator. Let us say that I could not say that at our own stations, we wanted to lead people into thinking one thing instead of another. We have worked on the assumption that by presenting the facts, and trying to be very, very close to the reality that we are giving our audience an opportunity of making up its own mind.

I would not want our station labelled black or white, you know. I do not think that is basically the job of broadcasters. I think our basic job is to tell what is going on, informing them, without any bias.

To go a little further. We do not editorialize on our stations. We have commentators. We have people who are invited to comment and they are of all allegiances. They are invited to comment and we make it a point to try very hard to see that all points of view are presented. But it is an opinion of a man and we say so because then we really get involved in active journalism. Even though it is the function of a broadcaster to present information, their other functions are very important.

You know, the basic function of a newspaper is to inform people. News is the essence of a newspaper, let us face it, but news is not the essence of a television station. It is important, mind you and I am not minimizing the importance of news and public affairs and so forth; but let us say that there is quite a nuance in specifics of each media; and that is why I say, speaking for ourselves, we have not tried to lead people in any way shape or form.

We have made a tremendous effort in trying to present the realities and to reflect realities and then it is up to the people.

**Senator McElman:** News presentation, I would say, immediately is changing of late but news presentation over a long period of



time has leaned strongly to headlining those things which are sensational or are presented in sensational fashion.

There are those who believe and have suggested that an element in Quebec province have learned how to develop the sensational; thereby have in fact used television itself, I mean "used" in the sense of the way news and facts are presented. They have learned to use this to their advantage. Do you believe that, as a person?

**Mr. Giguère:** Well, there again I would not want to be absolute in my evaluation but I would suggest that there is certainly a large part of truth in what you are saying.

**Senator McElman:** Do you believe that this is being done in any particular area of the broadcasting media in Quebec. Let us be specific. In your opinion has the CBC French language network in Quebec been used to a greater extent than private broadcasting.

**Mr. Giguère:** There is a very hard question.

**Senator McElman:** I realize it is a difficult question. Perhaps you would like to pass.

**Mr. Giguère:** What you are asking me is if there are some separatist elements within the CBC.

**Senator McElman:** No. I am still staying within the context of the discussion we have had up to this point—not that there is anybody within the media themselves who are saying: "We will promote such and such"; but as to whether there has been a definite section such as the CBC French language television in Quebec, which has fallen into the pitfall by one who knows how to use the sensational approach.

**Mr. Giguère:** Well, to answer with a generality, I would say that this is not unique with the CBC. It is common to all media. You can find this not only in Quebec. The point that you are presenting, you can find across this country in any province.

I suggest to you that it is quite evident that if there is some fracas, and if there is a news element in it, it is the basic job for a newspaper man to take it and report it. And, you know there is more interest for the newspaperman and even for the reader, even if it is of secondary importance, if there is some sort of activity, negative activity, than reporting that: "Last-night City Hall passed the annual budget."

Mind you, all our citizens should be very interested about their municipal and provincial and federal budgets. I think that is positive thinking but if you report that there was a demonstration of a few hundred people, well, I suggest to you that for a newspaperman, you know, it is more attractive.

**Senator McElman:** Then, in current practice is it a fact that one who knows the techniques of creating a sensation can in fact obtain the preponderance of coverage for the media generally.

**Mr. Giguère:** I have to answer "yes" to that question.

**The Chairman:** More on television than on print?

**Mr. Giguère:** No. I think it is general. I cannot be specific about the interest of news in itself. I think this is common to all media. I think it is common to all parts of the country and not limited to Quebec situation. But I follow you when you say that people outside of the media have become very conscious of the media and yes, I will agree with you that there are some very bright activists that are very prominent and would expect to get national attention.

There is no doubt about it.

**Senator McElman:** I am one who places a great deal of credence in intelligent poll taking.

**Mr. Giguère:** Yes.

**Senator McElman:** And in the context of the current polls in the province of Quebec, I would ask you; Can you believe that it would have been possible for one specific group to have obtained the support that it now obviously receives without having developed a methodology for the usage of the media.

**Mr. Giguère:** I do not think I would give that the importance you are aiming at. This thinking—this basic organization, that you need to get attention from the media, I do not think is primed to that extent.

**Senator McElman:** One further question only. The media generally seems to be moving in the direction of greater in-depth reporting rather than the headline type of reporting and the sensational.

If the media had arrived at the idea of such a development and there had been over the last three years, let us say, much greater

in-depth reporting of all media, do you believe that in such a milieu, one who has learned to "use" the media—do you believe that he could achieve what some are said to be achieving?

**Mr. Giguère:** I cannot follow you when you are giving intentions, you know, and say: "Well, this is how they planned it". It does not tie in like that, you know.

**Senator McElman:** Not planned by the media.

**Mr. Giguère:** Not by the media nor by the party that you are speaking of. It was not planned to that extent and I can affirm to you that there certainly was no basic collusion between the media and the parties to whom you are referring.

**Senator McElman:** I did not even suggest that.

**Mr. Giguère:** No, but by way of consequence, one could draw a conclusion like that. You know, I can assure you, to my knowledge, I do not think such a situation exists.

**The Chairman:** Thank you kindly, Mr. Giguère. May I perhaps close off the session by saying that the Committee is well aware of the fact that you head one of the most powerful and influential and certainly one of the most successful television stations anywhere in Canada and I think that the clarity of your presentation here this morning indicates one of the reasons why this station is so successful.

We are grateful to you and to Mr. Bélanger because, as I have said so often that the Senators are tired of hearing it, this is not a study of broadcasting. It is a study of media but broadcasting has a very real role to play therein and certainly your operation is a very significant factor to be reckoned with, not just by advertising agencies, but by people like us who are interested in the over-all media spectrum.

Thank you so much for coming. Thank you Mr. Giguère and thank you Mr. Bélanger.

We will adjourn until 20 minutes to 12, that is 8 minutes and then we will receive the brief from CKTM. —A short recess

**The Chairman:** May I call the session to order. From time to time it has been reported to me that the air conditioning is too effective in this room and therefore I would like to welcome Senator Quart, coat and all.

The second brief this morning we are receiving is from CKTM TV. The two witnesses are Monsieur Henri Audet who is on my right and who is President of St-Maurice Incorporée. Mr. Audet has been here before as part of the group who appeared for the CAB presentation. You were part of the group, although not the chief spokesman.

On my left is Mr. Robert Bonneau who is the manager of CKTM. I know that you were here this morning during the Télé-Métropole presentation and I know you have been here before so perhaps I can dispense with my usual opening statement.

We can proceed right to your opening statement and then we will question you.

Thank you and welcome.

**Mr. Henri Audet, President of Television St-Maurice Incorporée, Station CKTM, Trois-Rivières:** Thank you, Mr. Chairman. Mr. Chairman and Members of the Special Committee, I would like to tell you how pleased we are to be here this morning and I have had an opportunity, as you said, to be here before and all our colleagues who have appeared before you conveyed to us a sense of satisfaction with the atmosphere you have succeeded in creating for this Committee.

**The Chairman:** Thank you.

**Mr. Audet:** So it is with great pleasure that we come here to discuss a few things with you.

You have already presented my colleague, Robert Bonneau, who is the manager of our station and a member of our Board. With your permission I would like to switch to French.

**The Chairman:** Of course.

**Mr. Audet:** To make this job a little easier for me but I will be very glad to answer any questions in whichever language you would desire.

**The Chairman:** Well, even if we put our questions in English, you may answer them in French. We have simultaneous interpretation and the translation is fine. I am only sorry that my own French is not really good enough to follow you.

I am sure it is not.

**Mr. Audet:** I am sure it is.

**The Chairman:** But, please proceed.



[Translation]

**Mr. Audet:** Mr. Fortier asked me, during the intermission, to try not to read our brief, and I understand that it is perhaps a bit long to read even if the brief is relatively short. But I shall try to summarize it, if you wish, and I would request your indulgence since, unfortunately I am not a member of the legal profession, I do not have the ability of these professional persons to summarize a situation in a few words.

**Mr. Fortier:** Radio and television broadcasters are not as bad as that.

**Mr. Audet:** Then, I can tell you that CKTM-TV was founded by me. I left the CBC after 13 years in somewhat responsible positions, in order to establish my own company and set up station CKTM-TV in Trois-Rivières.

As you know, station CKTM-TV is located midway between Montreal, Quebec City and Sherbrooke which already was a region very open to all the influences of the surrounding cities. We answered the call of the Canadian government which, at that time, requested private stations to take responsibility for broadcasting in all the cities except the six principal ones of Canada. And so, we felt that the Canadian government through the Canadian Broadcasting Corporation was inviting us to accept a challenge which was very interesting. We faced it with pleasure and we took on certain obligations to the Canadian people who entrusted us with an important mission, and we also understood that at that time the Canadian government was towards us.

In our brief, as you have read, we thought we would give a short history in order to place the matter which we are discussing into details of this history, except to say that there is no doubt that broadcasting, from the beginning, has taken on special importance in Canada, and that the Canadian people and their government have very rapidly become aware of the importance which television and radio would eventually assume. Initially, only radio was talked about and this is surely what explains the number of Commissions which have studied the problems of broadcasting in Canada.

I would perhaps like to note briefly that the scale, in terms of either the range of operations, or the necessary capital for these operations, is exactly what was foreseen 18 years ago.

Undoubtedly you will recall that 18 years ago when I was associated with the Canadian Broadcasting Corporation—and I was one of those who was open to much criticism then—and it had only \$4,500,000 to establish two stations in Toronto and in Montreal, and it seemed to be an enormous amount at that time. It was already asked some years later how—and I was also a member of that committee—it would be possible to establish a microwave network to link up all parts of Canada.

It is, therefore, remarkable, isn't it, that within a period of a few years, Canadians have succeeded in setting up such a strong system, and which, I believe—this can be said among ourselves—has been a source of pride for Canada in all the other countries. I had occasion to visit other broadcasting organizations a few times in other parts of the world, and that is the comment that was made to me personally, that several countries much stronger than ours would like to have a broadcasting system similar to Canada's.

We have perhaps reached a period when we are trying to see what we have done previously and what we shall do, where we have arrived, and what we shall do in the years to come. And I believe that this is what is important, to see the future, and I have noted from this morning's questions, that this is what interests you.

In the last few months, let us say, the last few years, we have asked ourselves: if broadcasting has been so important among Canadians, would it not be normal to assume that in exercising a certain influence on broadcasting, one could hope to acquire much more quickly, or much more efficiently perhaps, Canadian objectives such as, the promotion of Canadian identity, of Canadian culture. And the broadcasters have been the first, and with much enthusiasm, to face this new challenge. We are happy that so much trust is accorded us. On the other hand, for those of us who assisted in the development of the whole system and for those who are called upon to make it work, there is one point which troubles us, and this is the lack of proportion which exists, Mr. Chairman, between the collective means which the strength of the stations can dispose of, and the range of operations to undertake.

Since we are re-evaluating the situation, it seems to me here that perhaps if we are sincere Canadians, and we must assume that we all are, we wish Canada to be a great country, having its own strong culture, and



that all Canadians must take on the task. They must decide to make an honest effort to promote a Canadian culture and identity with the spontaneous and enthusiastic assistance of broadcasters. But, the broadcasters themselves, I believe, cannot in future, take upon themselves alone in spite of their confidence, the creation of a Canadian culture and I believe that the contribution, as several have indicated before me, can be decisive. I believe that Canadians can be assured that broadcasters will work with all their power to reach this objective.

We do not pretend to have solutions to all these problems; they are too great. It would be presumptuous for a station of our size—which is nevertheless a station with a medium-size market; let us say we are not at all in the same league as the person of the station which you heard before us—to try to give answers to all questions. What we thought we should do is bring you our experience—in all simplicity, and for what it is worth. We are ready to answer, and we have made some suggestions which appear to us applicable to a case such as ours and to several of our colleagues, with whom we have had discussions in the past, and we are ready to answer all questions which you would wish to ask.

[Text]

**The Chairman:** Thank you very much. I think the questioning will begin with Mr. Fortier.

[Translation]

**Mr. Fortier:** Mr. Audet, as you point out in your brief and as you have just told us, you have been a member of the special committee on Television at the Canadian Broadcasting Corporation and of a committee in charge of the establishment and management of the Canadian television network. According to your experience of the last 18 years, are you of the opinion that the public network, the English and French-Canadian television network, has developed in the direction wished for 18 years ago?

**Mr. Audet:** Your question is a big one, Mr. Fortier, and would perhaps require a book to answer it. I shall attempt to give you a very short simple answer. I believe the answer is yes, that the objectives that were determined at that time have been realized and, in fact, they have been attained much more quickly than was expected. As you know, better than I, certain goals had been set and these goals were always reached several years before the required date.

The first objectives were slightly different than those presently considered, and I think this is normal because one must always think of the present and of the future rather than the past. But, it is nevertheless good to recall that some goals, like national unity, did not have at that time the importance which they have assumed by the chain of events in Canada. Initially, the principal aim was to assure that each Canadian could at least enjoy a television service, and already this looked difficult. Since that time, community antennas have appeared and it has really been an absolutely explosive situation.

I believe that this has been due perhaps a bit to the character of Canadians. We have been used to struggling alone in the face of formidable competition, and so I believe that, yes, we have attained our goal and I think that the Canadian system has reached it. I am one of those who believe, as Mr. Giguère expressed it a moment ago, that it is a good thing that there is in Canada both the CBC system and a private system. I do not know if I've answered your question?

**Mr. Fortier:** Definitely. You say then that you share the opinion stated earlier this morning by Mr. Giguère, that there is a place for a government network and another network. Do you go so far as to say that there is also a place in Québec for a second private network?

**Mr. Audet:** Yes, and that is something I have already expressed in public—that I think there is eventually a place for a second network in the French language. As Mr. Giguère has indicated, it seems to me that it would be a step forward, that the situation cannot be forced but that one would probably have to proceed with caution.

You have probably seen lately that federal statistics were used indicating that 40 per cent of Canadian television stations have a profit margin which, let us say for all practical purposes, is nothing. Many of the stations in the Province of Québec, if stations like Télé-Métropole are excluded, are in this situation; they are marginal operations. I think that in any new development, the danger of ruining the system by trying to develop it too rapidly will have to be taken into account in an absolutely precise and intense way. I am one of those who advocate the establishment of a second French-language network in Québec while taking the necessary precautions.

**Mr. Fortier:** Where would a station like yours, presently affiliated to the CBC, be placed in the eventuality of a second French network?

**Mr. Audet:** We appeared recently before the CRTC and our comments on this can be summarized as follows: we would like, at the time when the situation becomes probable or imminent, that all parties concerned (the independent stations, the stations affiliated to the CBC) probably under the initiative of the CRTC, unite to try to determine the most practical way of carrying it out. I believe that we will have to be practical when establishing such a network. At that time, we are prepared to serve where circumstances will show that we must.

**Mr. Fortier:** Does your affiliation with the CBC bring you more advantages or disadvantages?

**Mr. Audet:** That is a very difficult question. The affiliation which we have had with the CBC is a happy one. We have fulfilled our obligations and we think that the CBC has fulfilled its obligations. We had had discussions, as all parties do who join forces and work together, but on the whole, our association has been very pleasant.

I have not stopped to ask myself if there are more advantages than disadvantages. I think that, besides being a preview of things to come for all stations in Canada, it has been a method of establishing television in Canada. There has been this cooperation between public and private enterprise.

**Mr. Fortier:** If you had tomorrow morning, one million dollars to improve the service which you offer to your viewers in your region, what would you do with it?

**Mr. Audet:** I am a Canadian and I made my choice several times, I am in Canada by choice. You know, Mr. Fortier, I don't think I can answer your question. We should expand all our services if this is the meaning of your question. We would like to be in a position to give more in each sector, to have more employees in the technical fields, and in programming, which would allow us to be more dynamic. I think it is one of the problems of Canadian broadcasting at the present time. Certain statements by gentlemen we know have led us to believe that stations were the means of printing money. I think this is absolutely false, and that this has been one of the big problems which we have had to face—

that of destroying this myth. Therefore, we have all had to be very prudent in the expansion of our business and our case is no different since we would like to be able to progress a little more quickly. I believe it would be good for all Canadians.

**Mr. Fortier:** You are, I am sure, in close contact with your viewers in your region, in your market. Do you feel that you answer the needs and demands of your viewers? Do you feel that you lead public opinion or do you feel that you follow it to a certain extent?

**Mr. Audet:** We try to lead public opinion. I can tell you that in all important issues we try to be ahead of events.

**Mr. Fortier:** How do you do this?

**Mr. Audet:** Allow me to answer the first question; then I shall also answer the second.

Since the beginning of our station, we adopted a philosophy of maintaining a dialogue with our listeners. It sounds like a cliché in 1970 but back in 1958, it was very new. We have been, I believe, one of the first stations in French Canada, and perhaps in Canada (I would not want to boast too much) to stop and ask: what is television? And we concluded that, in a market such as ours, a dialogue was necessary. So all those who appeared on our television station, were reached personally at their home. We tried to ask him, looking straight into his eyes: what I understand about events is such a thing; what I foresee is such and such; what do you think of it? This is what we tried to do, while recalling the usefulness of the sense of smell among the Greeks. It was thought that television would become the new kind of public meeting place, where in a funny kind of way, everyone participates in discussing an idea while staying at home, but at the same time sharing in eventual results. It looked very new at that time.

If you remember, at the beginning of television, people were talking above the heads of their listeners and seemed not to notice that they were there. We told ourselves that there must be the greatest consideration for our listeners who are our partners in a conversation and should be treated with the same consideration as if they were in our home.

**Mr. Fortier:** What kind of programme have you developed for reaching this objective?

**Mr. Audet:** We have applied that same policy to all our programmes. Our pro-



grammes, if you take the chapter headings, are similar to those on all the other stations. It is only the way in which we have tried to develop. I am going to give you a concrete example, it's easier.

Recently I was asked to participate in a seminar of the affiliated stations of the CBC on news presentation. There were two representatives of the English-language private stations and myself for the French-language stations, as well as two representatives of the two networks—French and English—of the CBC. What we suggested was a form of news presentation which would show the effect of events on people. For example, if you see a film report of a disaster, a fire, a wall falling in, it's dramatic. But we feel that this is not the only role of television. Isn't it more human and more personal to show the expression of the children and of their parents who are the owners of that house and who see the wall of the house falling? Isn't that a more human message? And we would like more and more—to answer your earlier question—and we are doing it more and more, to get statements from those people at the instant it is happening to them. We are already doing this on a considerable scale I think, for a station our size.

**Mr. Fortier:** I hope there are not too many walls falling in Trois-Rivières?

**Mr. Audet:** No, but it happens from time to time, unfortunately, with us as elsewhere. In fact, bigger structures have fallen.

**Mr. Fortier:** Yes, bridges. For my part, your answer has satisfied me on the subject of the million dollars but I am going to put another question to you and it is not a hypothetical one: what is the greatest problem you have to face in Trois-Rivières in the administration of CKTM?

**Mr. Audet:** That is a question which would require a good deal of thought. I can try to talk of certain problems.

**Mr. Fortier:** The most important in your opinion? Can you say today to the Senate Committee—indeed you have said as much in most eloquent terms—we operate the television station CKTM affiliated to the CBC, but there are certain things I am not happy about in the context of the broadcasting industry in Canada. Now I ask you: what is your first problem?

**Mr. Audet:** Our first problem is a hypothetical problem, I think. It is that we are aware at the present time of the new thrust forward in technology to which I have alluded and which we participate in, and we are trying to stay in the vanguard of it. We go everywhere and participate in all circles and levels of discussion about it. At the moment, as you know, we are about to be affected by it in a number of ways. This doesn't apply to us; but the problem is a compelling one across Canada, let us say in the majority of stations across Canada, where our audience is fragmented by the intervention of community antennas bringing in foreign signals. I won't say that this is the only problem, but it is certainly one of the factors.

It seems to me that some means must be found so that the fragmentation which is the inevitable result of the introduction of community antennas which, incidentally, (and it must be said, I think, in all fairness as your excellent expression has it,) use the stations' signals to resell them to their subscribers. It seems to me that this development must necessarily be accompanied by some sort of system, which I couldn't suggest; I could suggest some alternatives, but it must be accompanied by some influence which would increase the dynamism of a regional station such as ours, in proportion as the invasion of its market by additional frequencies is allowed to take place. At the same time, I think that the system itself should provide for a station of opposite tendencies which would permit the local station to measure up to this increased competition. That appears to me to be one thing. We have some worries about the dividing up of funds available for programming. There is talk, for example, that cable may gradually originate programmes and all that.

I would emphasize, as Mr. Giguère said not long ago, and we are of the same opinion, that cable has a good role to play in Canada, without any doubt, as indeed have the satellites and the other systems I would like to discuss if we have time. All the elements, in my view, must form an efficient and harmonious whole, must work together instead of against each other. Then, if everyone set to work to make programmes, and you have already been told I am sure, that the important thing in broadcasting is production, and the centre of production—forgive me if I stray a bit from the subject, I will come back to it.



Large centres of production have been set up in the chief Canadian cities with the aim of producing programmes of national interest and importance, which every Canadian will want to see and must see, to which every Canadian must have access. This system has been agreed upon, as you know better than I, with local stations making broadcasts of local character and importance. These two systems are complementary, which means that a viewer in a given region, such as ours, has access, on the same station, to these two kinds of broadcast at the same time. But, to bring about these broadcasts, both the national and local centres require considerable sums of money. Teams have to be put together. Mr. Bonneau and I have a team to work with which has taken us 12 years to build. It is very complex.

To feel the pulse of a region every day, to try to be objective, is not a thing which can be improvised; it is something which is built at the cost of years of hard work, and, mind you, I am not complaining, I am proud of it. But if too many people try little things here and there, it seems to us that there is a risk of debasing the general quality, and it would perhaps be better, given the fact that we are after all in a country of 20 million inhabitants which faces terrific competition, to concentrate all the energies in the big production centres. If we want to provide other programmes with a content different from that of the local station, they would perhaps have to be produced by a very big production centre for distribution to the little towns, I don't know.

**Mr. Fortier:** And the centres of production in your view of things would remain under the authority of the television stations as they are today?

**Mr. Audet:** That is what I think. Mind you, I think that in the past we have always been too absorbed by the technological aspects of radio and television. I think that these are the aspects which strike the uninitiated. We talk of satellites, of cable transmission; it seems like a novelty, but these are well known things which...

**Mr. Fortier:** Improved technology?

**Mr. Audet:** If you want to transmit a programme from Montreal to Vancouver, I don't think that any specialist will want to tell you what is the best way to do it. It depends on the day, it depends on what you are trying to do. And so in the same way, if you want to

transmit programmes—and programmes are an important thing in our opinion—technology has been regulated up to the present time because it was easier to touch and to grasp. But what they really wanted to do was to insure a fair and reasonable distribution of programmes. In the same way, it seems to me that the possibility of producing and listening to these programmes must be preserved in the future.

**Mr. Fortier:** The CRTC, of course, has declared in an unequivocal fashion that cable was more than a matter of technology, hasn't it? The CRTC seems to want to encourage programming by promoting programme production by cable companies. You are surely acquainted with their decision of April 10th—what do you think of it?

**Mr. Audet:** We were happy when we saw their decision to find that in the preamble they establish the fact that existing stations should first of all continue to exist, and, I thought I understood, should be predominant within the Canadian system.

**Mr. Fortier:** The Commission is of the opinion that transmission by cable is the chief function of its participation in the Canadian broadcasting system and that it must be made to operate without endangering the quality of the rest of the system?

**Mr. Audet:** We are very glad of it. Until the publication of this decision, there was reason to wonder about this problem, to ask yourself: has it been decided that existing stations should disappear? I think that it is unequivocal; it has been decided that they are there to stay and that seems to me good and just.

**Mr. Fortier:** But all the same your audience in a centre such as Trois-Rivières is going to be fragmented by the force of circumstances?

**Mr. Audet:** And it is on that that we have advised the CRTC and now advise you also, our great concern stems from that very point. I think in areas such as ours and in most Canadian regions, the establishment of a service exploiting the resources of a region to the limit—indeed on our station, we have, I assure you, called on all who are willing to come and exchange with our public the fruit of their experience or their knowledge. The number of people who pass through our studios every year is, I think, quite remarkable, but it is limited all the same. Will you permit me to make a brief parenthesis while I think

of it? It is true also from the Canadian point of view. It is impossible to imagine, I think, that we could produce programmes in Canada comparable to those of the United States. And I don't think that we can hope to produce programs in Trois-Rivières of a quality similar to that of the United States.

**Mr. Fortier:** What percentage of your programmes do you produce in your studios at Trois-Rivières?

**Mr. Audet:** It would perhaps be more interesting to answer your question in a more general way. I would say that half our broadcasts come from the French network of the CBC, and the other half from the station itself.

**Mr. Fortier:** How many programme hours per week?

**Mr. Audet:** We have between 110 and 120 programme hours per week. Can the figure 120 be used for purposes of addition? 120 is difficult to divide by four, and that is what I would like to do.) Let's then, divide 110 by four, or let's say, out of 100, a quarter of the production is done in the local studio.

**Mr. Fortier:** A quarter?

**Mr. Audet:** A quarter, including transmissions for example produced by other stations such as Channel 10 in Montreal, or from other sources.

**Mr. Fortier:** How do you get your services from Channel 10?

**Mr. Audet:** We receive certain broadcasts.

**Mr. Fortier:** On magnetoscopic tapes—you buy them?

**Mr. Audet:** We buy them in certain cases, and in certain other cases, they are paid for by our sponsors.

**Mr. Fortier:** Of course they are not broadcast directly.

**Mr. Audet:** At that point, they are retransmitted; let us say, most of those programmes, even if they are transmitted by the CBC on Channel 10 or elsewhere, have been pre-recorded.

**Mr. Fortier:** That means then that a quarter of your programmes are bought?

**Mr. Audet:** They are, let us say, Canadian productions which are broadcast on our sta-

tion, of original Canadian production. The other quarter is made...

**Mr. Fortier:** Excuse me for interrupting you. If I understand correctly, they don't come from the CBC?

**Mr. Audet:** From the CBC, you have half our programme hours right there.

**Mr. Fortier:** That is the network, are they broadcasts which you have to present?

**Mr. Audet:** We have to carry the network programmes and we choose others over and above the limit set by the regulations.

**Mr. Fortier:** Agreed. Have you run into any problems so far with the CBC arising out of the fact that you buy magnetic tapes, let us say, from CFTM, for example?

**Mr. Audet:** We have discussed it on several occasions, but I don't think we have ever encountered any particular problems. I think that everyone admits that it is the only way of creating an alternative service in regions such as ours. I think that this applies to almost all the regions of Quebec at the moment, which are regions, it must be admitted, which are not very strong from the economic point of view.

**Mr. Fortier:** What is the percentage then of these 120 hours per average week—what is the percentage of broadcasts with Canadian content?

**Mr. Audet:** With your permission, I am going to ask Mr. Bonneau who keeps our statistics to answer your question, and I can continue after that.

**Mr. Robert Bonneau, Manager of CKTM-Trois-Rivières:** Our present programming, calculated in terms of the regulations now in force, contains about 63 per cent Canadian content.

**Mr. Fortier:** And if you calculated in terms of the proposed regulations?

**Mr. Bonneau:** It would be lower, of course, because apparently, for the time being at least, the proposal does not recognize as Canadian content broadcasts produced in the Commonwealth, and the broadcasts coming from French-speaking countries. It would probably fall to 56-59 per cent.

**Mr. Fortier:** The present percentage of Canadian content at CKTM exceeds the policy on Canadian content as stated by the



**CRTC.** This doesn't present any problems then does it?

**Mr. Bonneau:** That is exactly what we stated to the CRTC in our brief, but we emphasized nonetheless that we foresee problems in the mathematical control of this system which is going to mean that in an organization such as ours, perhaps one person or one and a half persons will be required to supervise compilation. We are confronted with regulations which entail figures, mathematical restrictions and which obviously must be supervised from day to day, particularly if we move from the regulations with at present require us to present Canadian content on a basis of three months to a Canadian regulation which would require a basis of four weeks. To do this, you have to take into account all the seasonal fluctuations, the special programmes, everything has to be turned inside out. For this we would need a whole administrative department, as we pointed out.

**Mr. Fortier:** That is the famous problem of calculation and paper-work, surely not an insurmountable one?

**Mr. Bonneau:** No, but it takes on a perhaps exaggerated importance in a small organization.

**Mr. Audet:** With your permission I would like to make a comment which might interest you. We were pleasantly surprised to read the brief from the CBC and of Channel 10 in Montreal and to see, on reading our own, that the same problems presented themselves and that they were set forth in the same positive spirit of cooperation. It is our intention, and we have demonstrated it, to meet the Canadian content objective. We have merely indicated that we would prefer to continue to do so by following a sort of guideline, rather than by following a rigid mathematical formula, which is perhaps going to force us to reduce certain aspects of our own programming in order to satisfy mathematical requirements. Indeed I thought I understood that the Chairman of CRTC, in his replies to certain questions, indicated that he was able to understand the problem.

**Mr. Fortier:** You have just mentioned the positive spirit of cooperation which you and certain of your colleagues presented to the CRTC. How do you reconcile this positive attitude of cooperation with the attitude taken by the CAB, of which you are Vice-President, and which has been described as negative by

all the commentators who have studied this problem?

**Mr. Audet:** You know that I agreed to appear before this Committee at the invitation of Senator Davey before being appointed Vice-President of the CAB, and that your question puts me in an embarrassing position.

[Text]

**The Chairman:** We do not want to embarrass you but I think it is a valid question and it is one we are interested in.

**Mr. Audet:** I will try to answer to the best of my ability.

**The Chairman:** Yes. We do not want to embarrass you.

**Mr. Audet:** I think it has been said here this morning that things that are sensational make news and a lot of what has been said about the negative attitude has been very unfair.

I think that if you read the briefs that have been presented by the CAB and by its member stations and read them carefully in your home without pressure of the spotlights and everything, you will see that they have expressed essentially what we have expressed today in our conversations with the Board.

[Translation]

**Mr. Fortier:** Even when they threatened to dispute the jurisdiction of the CRTC, Mr. Audet, on the matter of programming and Canadian content?

**Mr. Audet:** I don't think, Sir, that the CAB threatened...

**Mr. Fortier:** What was Mr. Henderson doing there?

**Mr. Audet:** You are a lawyer; I don't understand legal procedure, but, if you say to Senator Davey at a given moment that there is a legal procedure to fulfill and that such and such a thing must be put in the record in case one day you should want to change course, I think that Senator Davey would probably be obliged to have confidence in you and to say to himself: that is what we must do.

**Mr. Fortier:** In your opinion it was a measure of protection?

**Mr. Audet:** I think it was perhaps a prudent measure. That is how I interpreted it, I do not think it constitutes a provocation.



**Mr. Fortier:** All right, that's a good explanation. You are saying then that the brief of the CAB, even after what has been said of it, is more positive?

**Mr. Audet:** I think so. You know, one thing which has not emerged out of all these meetings is that all broadcasters, whether English-speaking or French-speaking, have devoted their whole life to building the Canadian broadcasting system and intend to continue to do so in the best interests of Canada. If they sometimes wonder how they are going to manage to do it in these days, I think that it is after all a reasonable question.

**Mr. Fortier:** The development of Canadian culture and identity...

[Text]

**Senator Bourque:** Are you still on this CAB subject because I have a question.

**The Chairman:** Senator Bourque and Senator McElman have a question but you carry on, Mr. Fortier.

[Translation]

**Mr. Audet:** I hope that the third question isn't the worst.

**Mr. Fortier:** The development of Canadian culture and identity—in your brief you recognize that broadcasters must be concerned with this. And you say that, on the other hand, this should not be the sole responsibility of the broadcaster. Do you think that, in the field let us say of the print media there should be a government agency such as the CRTC which should encourage the papers to propagate this Canadian culture and identity?

**Mr. Audet:** To tell you the truth, I don't pretend to be sufficiently familiar with the newspaper field to put forward a suggestion as to how the newspapers should be encouraged. I think I should prefer to remain on more general ground, but it does seem to me that all Canadians should make a concerted effort.

**Mr. Fortier:** You are not complaining of the effort demanded of you by the CRTC?

**Mr. Audet:** I should like to make a distinction. We of the French language do not find it a problem. As you have seen, we have already reached the required percentage. We don't mean to flatter ourselves on that account, it is the language barrier which has protected us but which, on the other hand, has, as you know, caused us other problems.

The problem differs slightly in the English and French-language groups. Even we would like to have access to more programmes made in Canada. It is possible to reflect Canadian culture, but when you are absorbed in the problem of reflecting Canadian culture you realize that there are not many films which have been produced in Canada. The film, it is always said, is an economical way of interesting the public. I have one opinion, and my colleagues have another different opinion on the subject of the film. A film may be a great cultural work if it is a serious film. It is often the equivalent of a masterpiece. A masterpiece in film is the equivalent of a written masterpiece, but the standards are different. In the same way, a masterpiece on a record may perhaps also be a masterpiece. Thus, in order for these masterpieces to become available, we must be able to make them known to the public. In order for them to be known, we must, in our humble view, create a favourable climate of opinion in all fields.

Now, there are perhaps also practical applications. You might imagine, for example, giving a person or a group of players a grant to put on a play in a small hall somewhere, and I'm all for it, it's very good, it mustn't be stopped. But couldn't one conceive of the same grant being given to a group to go and perform on television? Couldn't one imagine that the same grant might be given to a film producer who really wants to do an authentically Canadian work in order to make this work available? Couldn't provision be made, for example, in certain cases so that certain organisations would pay royalties?

I am going to give you an example of something that happened with us: at one point we wanted to show "Nuages Sur Les Brûlé". I don't know if you know it. "Les Brûlé" is a sort of novel which was written by a native of Trois-Rivières and a real native of Trois-Rivières, Mr. Hervé Biron, who was then editor of the local paper. The National Film Board was happy to rent us this production, but later, representatives came to see us and said: "Listen, if you want to borrow that work for broadcasting, you must pay royalties". And that would cost us, let us say, between \$10,000 and \$15,000. Thus, unfortunately, we were not in a position to broadcast it. So then we said: "Shouldn't there be people other than broadcasters to make provision for this kind of thing. I think that the same applies for broadcasts which have already been recorded in the past and which should, because of their quality, be re-shown to the public, but which cannot be because at

that point all the actors, royalties, etc. have to be paid all over again. Would it not be a good idea to make provision for bodies which would supply the necessary funds when we want to do things like that, which seem to us good and necessary in meeting Canadian goals?

**Mr. Fortier:** That comes quite close to Mr. Giguère's point of view this morning in connection with private enterprise?

**Mr. Audet:** That depends. We are discussing something at the moment which is not necessarily subsidies. We say: give subsidies to the creators then, and we will create within the limits of our means. I think we have shown our intention of continuing to do so, but we can't build a structure all by ourselves. That would be unthinkable.

[Text]

**Mr. Fortier:** I will yield.

**The Chairman:** You will yield. I think Senator McElman has a question and Senator Bourque had a question. I think we will go to Senator Bourque first, if you like.

[Translation]

**Senator Bourque:** Mr. Audet, your territory or your region, covers Grand-Mère, Shawinigan, Nicolet, Ste-Angèle, Champlain, what in fact is the extent of your territory?

**Mr. Audet:** The extent of a territory is usually defined in technical terms, by a contour-line along which the signal is of equal intensity.

[Text]

**The Chairman:** There is this map in the book, Senator Bourque, at the back of the brief.

[Translation]

**Mr. Audet:** It could be said, I think, that the beam currently used in the industry is the second circle which you see here and which approaches Quebec, Sherbrooke and Montreal.

**Senator Bourque:** You haven't very many viewers in Montreal, it's not your territory?

**Mr. Audet:** We don't try to reach Montreal. Our programmes are not aimed at Montreal viewers.

**Senator Bourque:** You say that what you excel in is the local news chiefly because all those people are interested in having the local news and that you must more or less, in such places, give more local news than a station like Montreal or Toronto. Do you have much

competition then from Montreal stations? They always go everywhere that you go and they have more varied and extensive programmes than you can provide. Is it from them that your greatest competition comes?

**Mr. Audet:** I think that there can be no hesitation in answering your question. Our chief competitor is Channel 10, CFTM, which you have just heard, because it provides an alternative. We are affiliated to the CBC, and Channel 10 provides alternative programming. Have you another question, because, if not, I should like...

**Senator Bourque:** This is part of the same question. You see, I think that when you come to national advertising, people who have a lot and who cover a certain amount of ground don't buy from you if they are already in the Montreal stations. You have trouble getting that advertising, don't you, and that prevents you from making an income which would permit you to expand and to do a lot more programming than you are actually able to do. Is that it?

**Mr. Audet:** Is that your question, or is it the introduction to your question?

**Senator Bourque:** No, that is part of my question.

**Mr. Audet:** Fine, then. There can be no doubt that the presence of other stations slows us down, let us say, in obtaining national advertising, although we are nonetheless I think in an excellent position from that point of view.

**Senator Bourque:** It costs your station much more, for example to get national advertising than it would cost a large station; it's ten times more, is it about that?

**Mr. Audet:** There is no doubt of it.

**Senator Bourque:** That leads into my question. Here I see on page 14 of your brief No. 7:

"It seems necessary to establish measure of financial assistance similar to that which is illustrated by the financial assistance given to Acres Limited by the Federal Government (through the Canada Deposit Insurance Corporation) to allow them to acquire Traders Group Limited, whose control threatened to go to outside interests. A similar aid would be priceless to Canadian stations in their efforts to promote Canadian culture and to preserve the ownership of Canadian media."



But, if you ask, and I know that this much perhaps should be granted you, is it much harder for you to get money than it is for the stations in the big cities?

**Mr. Audet:** Is that your question?

**Senator Bourque:** Yes, that is my question.

**Mr. Audet:** Well now, Senator Bourque, point 7 to our way of thinking, doesn't apply so much to operational expenditures as to investment expenditures, and the point we wanted to emphasize was perhaps this: it is that at a given moment, and it has arrived, it has been decided to limit the participation of foreign companies to 20 per cent in broadcasting companies which seems to us an excellent measure. We would have wished that at the same time funds had been put at the disposal of the Canadian broadcasters which would permit them to acquire the shares which became available when all these companies had to sell their shares. Many of our colleagues and we ourselves have been slow in our efforts in this direction because of the fact that the market, at the moment, is after all an extremely difficult one and full of uncertainty. And this means that public finance is more and more difficult. Thus, the efforts of everyone to bring about this Canadian goal would have been, I think, more worthwhile, more productive in creating a system such as is desired if, at the same time that that regulation came out, some place had been found to say: all stations now come under the terms of this Act and it applies to other fields.

**Senator Bourque:** I know Trois-Rivières a bit because in 1919 I was the founder of *Le Nouvelliste* in Trois-Rivières. That was a long time ago, 50 years ago.

**Mr. Audet:** Your name is still very well-known.

**Senator Bourque:** And so I know the difficulties that I had in that region; I had a tremendous amount of work to do. And that is why I asked you that question, to know if I had changed, or if you were faced with those problems?

**Mr. Audet:** Now as to your question, we have tried, to answer it in other sections of the brief; when we want to undertake serious works, it is beyond our means. Let us say then that our station wants to hire a group of actors or musicians which is beyond our means. We would like perhaps to be given the

same consideration as the artist who asks for a grant to go to Europe to take in European culture. We have local theatre groups which sometimes, not always, obtain grants to put on plays. We say: would it not be worthwhile for those same people to be given grants to come and perform on television. And more people would see them at one time than could see them if they filled our halls in Trois-Rivières every day of the week. It seems to me that if we are sincere in our determination that we want Canadians to be exposed to beautiful things, is it not reasonable to present them via the medium which can reach the most people? It seems to me—and I think that a process of involuntary selection has taken place—that the funds available for culture seem to exclude radio and television, and nobody knows why. I think it is accidental. I don't want to give the impression that I think it's intentional. I think it is accidental, and we may allow ourselves to put emphasis on the fact in the hope that someone may hear.

**Senator Bourque:** I am very sympathetic to your problems. I have been through the same things.

**Mr. Audet:** We have a steep slope to climb from that point of view.

[Text]

**Senator Smith:** A supplementary question on that very point.

**The Chairman:** Yes.

**Senator Smith:** Mr. Audet, is that now not being done, the idea of having public support given towards the fostering of development of television? Is that not where some of the tax money is now going to which is being funnelled through the CBC directly?

Is that not why we have drama programmes on the CBC network? Is that not why we have some of the higher class music on the CBC? Is not that same objective of which you speak now being reached through the CBC and are you not, as a station operator, continually having these programmes available to you; or perhaps you are thinking of the local impact on the local people who have an opportunity to develop their own particular talent?

Would you clear up this question in my mind.

**Mr. Audet:** Yes. I am glad you asked that question. I agree fully with what you have just said in the sense that the CBC—if you



take our station the CBC funds serve to present to our people programmes of national interest and importance or of such scope that we could not afford them.

It is true then that through this affiliation with the network, our listeners have available to them a number of things of great interest and importance.

On the other hand we would like very much to be able, as you have just said, to perhaps extend this effort to our regional scene. This is, I believe, the purpose of our discussion this morning, to tell you, as Senator Bourque said, how we feel we could improve this system for Canadians.

If I may just go out on a tangent for a minute, at the same time I think we have to consider the great problem, which is being discussed at the present time, of increasing the over-all Canadian effort in the way of culture.

**The Chairman:** What do you mean by "over-all"?

**Mr. Audet:** Well, I mean including but not only stations affiliated with the CBC but stations outside the CBC as well.

**The Chairman:** In other media as well.

**Mr. Audet:** Perhaps not in every media as well. Let me perhaps confine my remarks to television, just because I know it really better, but I am willing to try to answer that to an extent.

If we include, as well, other areas—this is where I think private broadcasters look at their resources and they say collectively we make \$17,000,000.00 a year in profit before taxes so presumably we are left with \$8,000,000.00 collectively; and we know that to sponsor a national system costs approximately \$150,000,000.00 a year. The proof of it is the CBC. So if we want to duplicate the effort Canadians are making, we have to find, we feel, another \$150,000,000.00. It depends how far we want to go. But it looks as if we are in the process of trying to find another \$150,000,000.00 and the private broadcasters are saying: "Well, all we have collectively is, say \$7,000,000.00 a year;" in the good years. That is in 1968. I do not believe you will find the same thing in 1970.

So, the objective and means at hand appear to be in two different categories. They do not seem to be in the same order of magnitude. It is David and Goliath or the giant and the pygmy.

Somehow the reasoning before the public seems to convey the idea that if broadcasters were willing to co-operate tomorrow that they could do it. I think that in all good faith and good intentions, broadcasters are saying we are willing to try—will you please help us.

Now, this is my tangent. Perhaps I should come back to your main point.

**Senator McElman:** On your tangent, surely you do not suggest that the private broadcasters are going to require another \$150,000,000.00 to achieve this desirable purpose? Surely you cannot take the total.

**Mr. Audet:** Well, let us put it this way. Perhaps if someone wished—I am not suggesting we do, I am just saying in this process—I think we have to take into account if we want to double this effort of the CBC, it would cost another \$150,000,000.00.

I know I am not answering your question directly but I think I am purposely trying to put this into a big equation. This is an important factor.

**Senator Smith:** Just like a good engineer would.

**Senator Bourque:** You are merely speaking the facts.

**Mr. Audet:** Probably, yes.

**The Chairman:** Senator McElman, you had an earlier question.

**Senator McElman:** Yes, I will get to it after this one. I only wanted to say you have the hardware now. You have your carrying charges built in. You have all of these things that parallel the CBC.

Certainly I cannot accept as valid a duplication or doubling up of \$150,000,000.00 would be required to go much further towards the achieving of Canadian content and unity in culture and identity and so on. It is not a valid proposition.

**Mr. Audet:** I would not like to put words into anybody else's mouth but it seemed to me in his appearance that the President of the CBC indicated that certain things could be done for so much.

I am afraid now I am not conveying his words properly but he made essentially the same points as we have made in our own presentation, that certain things could be done, that certain things might cost too much; that certain things might make programming more difficult.

I do not know if I am answering your question now or not.

**Senator McElman:** Well, I would like to ask a supplementary to this. Let us forget about the CAB approach for the moment; but the reaction of broadcasters to the Canadian content and other proposals currently before them by the CRTC is that it is too expensive and it is required in too short a time.

In view of the period of time that has elapsed—I would remind you that the White Paper on Broadcasting of 1966 expressed the very intentions that are now being expressed in the proposed regulations. The report of the Standing Committee on Broadcasting, etc., of the House of Commons was presented to Parliament on March 21, 1967, better than three years ago, which again stressed the very things that are being discussed now.

Perhaps, Mr. Chairman, if I could very quickly read one paragraph of that. This is from the Commons Committee on Broadcasting:

"The Committee concurs with the White Paper" statement of objectives. We are convinced that Canadians want radio and television programs of Canadian origin and character, although programs produced in the United States are available to a majority of Canadians who obviously enjoy them. A Canadian identity demands public affairs and news programs about Canada and about the world through Canadian eyes. Canadian broadcasters have a special responsibility to provide such programs because they will not come from any other source. Although the United States will continue to be a source of many dramatic and variety programs on Canadian stations, Canadian broadcasters must develop such programs in Canada to the fullest extent which availability of talent and resources permits."

It goes on further to talk about what is coming on, satellite, cable and all this sort of thing.

Here was expressed the will, the purpose, the aspirations of the Canadian people of what they wanted from broadcasters who have the privilege of a licence to use the air waves. Here was the expressed will and wish of the Canadian people through their Parliament.

My question is: why have the broadcasters of Canada, with that before them for a period going back to the White Paper of four years ago, been so slow in producing Canadian content, that the CRTC would be forced on behalf of the Canadian people to say "Here, finally you have got to do what the Canadian people asked you to do."

**Mr. Audet:** Well, sir, I think my only answer to you can be Mr. Bonneau has told you what our percentages are.

**Senator McElman:** I am talking about broadcasters in general.

**Mr. Audet:** We have done what was announced in this White Paper. We have achieved that.

**Senator McElman:** Your station.

**Mr. Audet:** Yes. Now, in all sympathy with my industry colleagues, I think I must say that in the discussion of new regulations which I understand or we were lead to believe was only a White Paper, people brought out I think in all due democratic process, as we are doing this morning, certain considerations and certain qualms they had about certain aspects of the way things were done.

Now, please remember that I think it was profusely obvious in the written presentation brief of the CAB—perhaps I should not get into that ground. I want to point out I am not here to speak for the CAB position.

**The Chairman:** We appreciate that.

**Mr. Audet:** It has been reiterated on several occasions that the Association was entirely in favour of the objectives pursued. There was no idea of saying these objectives are not good. This is my own interpretation.

**Senator McElman:** But, sir, did they not subscribe to motherhood in the same fashion a number of years ago when the first Canadian content requirements were laid down? At the same time did they not make the same protest they are making to-day that these were impractical, unreachable and beyond their economical capacity to absorb?

**Mr. Audet:** Sir, I think I should perhaps ask you for mercy at this time because I am not here to defend the CAB but I think I will follow you one step further if the Chairman will permit.

**The Chairman:** Yes, of course.



**Mr. Audet:** I think that this is natural, is it not? New regulations are proposed and meetings are held to consider them. It is natural that the plus and minus be presented and I think that this should be taken in all good faith and sympathy. I do not believe that anyone who comes honestly to present a view, whether it agrees with our own or not, should be labelled as opposing it.

I think this is as far as I will go for a moment.

**The Chairman:** If I may say, Mr. Audet, it is not our intentions to embarrass you. I am sure Senator McElman is not attempting to embarrass you or to ask you embarrassing questions. He appreciates, as I do, that you are here representing your station and not representing the CAB. At the same time you are the Vice-President Elect of the CAB.

I think it was perhaps in that spirit his question was put to you. I am not going to insist that you say anything more but I think I should in fairness ask Senator McElman, if he is satisfied with the answer of the witness.

Do you wish to pursue this thing?

**Senator McElman:** I shall not press it, Mr. Chairman, I was simply following this line because we have a witness who has gone a very long way towards meeting the requirements and ambitions of the Canadian people for Canadian content. I was hoping perhaps to elicit some replies that may be useful to other broadcasters.

**The Chairman:** I have two questions which are very short, I assure my colleagues because it is past our adjournment period. They are very short and to the point. In the English version of your brief at page 10 you say:

"Emphasis was placed on the increase of Canadian content on television without an equivalent demand for the same efforts on the part of other cultural media..." and then you list the other media.

Were you suggesting that there should be no demands on television or there should be demands on other media?

**Mr. Audet:** I am suggesting that there should be demands on other media.

**The Chairman:** Specific demands?

**Mr. Audet:** Well, perhaps just a study—May I present some information I have with me here.

**The Chairman:** Yes.

**Mr. Audet:** We made a survey, for instance, in two Canadian cities, one in Ontario and one in Quebec. We went unannounced to the public libraries and asked them "What are the two hundred books that really move in here?" And they said "They are here on the shelves because we keep them there".

**The Chairman:** We would be most interested in the results. Could you let us have the results.

**Mr. Audet:** If I can. I hope I can find them in this thing here.

**The Chairman:** Which were the cities?

**Mr. Audet:** One was Kitchener, Ontario and the other one was Trois-Rivières, Quebec.

**The Chairman:** Which are about the same size, I would say.

**Mr. Audet:** The same size and I think perhaps reasonably representative of the same Canadian cities in their own areas. This is an unofficial survey. We have just done it on our own.

**The Chairman:** When?

**Mr. Audet:** This has been done—the only date I have here because I have given my own copy to someone else, is the date that I have received the Kitchener one which is March 18th so it has been probably done around March 15th.

A random survey of 220 books, fiction and non-fiction. United Kingdom 34 per cent.

**The Chairman:** This is in Kitchener.

**Mr. Audet:** Yes. I am sorry. This is a Toronto Library. I apologize.

**Mr. Fortier:** That is not as representative.

**Mr. Audet:** No. It may be representative of something else. United Kingdom 34 per cent. U.S.A. 57 per cent, Canada 9 per cent.

Now, in the children's room, this may interest you again. United Kingdom 12 per cent, U.S.A. 88 per cent, Canada 0 per cent. If we do not feel that our children deserve to be educated with Canadian books, how can we say television will cure this?

Now, Trois Rivières. We are protected by all kinds of language barriers, so people say. We know otherwise, as Senator Bourque knows.



158 books French 80 per cent, Belgium 2½ per cent, Switzerland 2½ per cent, Canada 15 per cent.

Now, in the children's section, French and Belgium 65 per cent, others 30 per cent—U.S.A. 5 per cent and Canada 0 per cent.

I think we have to admit that our culture or our way of looking at culture is not the way we see it in public. I am sorry to bring it out in the open.

**The Chairman:** No, on the contrary, I think it is a good thing to bring it into the open. I think it is things like this which should be in the open, as long as you do not argue that two wrongs make a right.

**Mr. Audet:** No, no. On the contrary I think we are together looking at ourselves.

**The Chairman:** Because it is so late, let me just put my last question to you which ties right in with this. You say on Page 8:

"...the weakness, we have to admit, of the Canadian culture by opposition to the American culture which is backed by considerable human and financial resources [is] so powerful that no country in the world has yet found a formula to resist to its penetration."

Implicit in that statement is a pretty pessimistic forecast for Canada because if no one in the world has been able to resist it, you presumably think that we will not be able to resist it.

**Mr. Audet:** Well, we did not come to any conclusion.

**The Chairman:** Would I be fair in drawing that conclusion?

**Mr. Audet:** No. The point we would like to make, if I may suggest respectfully, is that we feel we have a very steep hill to climb. We really have to make a very strong effort if we want to retain the Canadian identity and I think we have to accept that we have to foot the bill if we want to do it and we are willing to do it. We feel it should be done and I am one of the ones who feel it should be done. I feel very strongly about this.

**The Chairman:** Mr. Audet and Mr. Bonneau, may I thank you. May I say to you as far as your library survey is concerned, my colleagues on this Committee will not be surprised to know, that I had thought very seriously of including in this study a reference to books, to book-publishing and to readership

and so on. With the end of our hearings on Friday, I am sure my colleagues on that Committee are delighted we did not.

On the other hand I am not sure that it would not have been a very useful study. Certainly I am grateful to you for the points you have made and if there is any additional information of that kind you have, we would be delighted to receive it.

I would simply say in closing that you have been a very gracious witness. We do not apologize for having you here. We wanted broadcast representatives from outside of English-Canada. We wanted broadcast representatives from outside Montreal, frankly. We wanted people in Quebec in your particular community situation. Your views have been valuable to the Committee.

I am sorry that time did not allow us to go into one other area. You are, I know, a graduate of MIT and I think you will have views on technology which we would find useful. I would only say in closing, if there is additional information that you are able to send us, either in the area of technology or in this whole area of the cultural problem we have been discussing, we would be delighted to hear from you.

**The Chairman:** Specific demands?

Meanwhile, we do appreciate the fact that you have been a most gracious witness. Thank you, Mr. Bonneau.

I would say to the Committee we meet at 2:30 with the Canadian Cable Television Association and at 4:00 with Maclean-Hunter Cable Television Limited. I would remind you again that the session this evening with the British Columbia Television Broadcasting System Ltd. has been cancelled.

Thank you.

**Mr. Audet:** Thank you, sir...

The Committee adjourned.

Upon resuming at 2.30 p.m.

**The Chairman:** Honourable Senators, if I may call the session to order. As the Senators are aware, the Committee is entering the final phases of the public hearing aspect of its activity.

This afternoon we begin to turn our attention to really the last major branch of the media which we have under our particular study, the whole area of community antenna or cable television. Not only is it the last phase that we will be studying, I think by all

odds it is the newest and most perplexing medium we will be attempting to analyze.

We are grateful to the witnesses who are here. We are to receive two briefs this afternoon. The first brief is from Canadian Cable Television Association. Seated on my immediate right is the organization's President, Mr. C. R. Boucher. On his immediate right is Mr. G. A. Allard, a Past President of the Canadian Cable Television Association. On my left is Mr. R. C. Chaston, who is a Director of CCTA.

Mr. Boucher, the brief you were kind enough to prepare in compliance with our request was received more than three weeks in advance. It has been circulated to the Senators who I think have had an opportunity of studying it. We would like to ask you some questions on its contents.

I am sure you are familiar with our procedure. We ask you to make an opening oral statement in which you can talk about the brief or talk about other matters and following your oral statement we would like to question you on the contents of your written document and your oral statement or other matters which may be of concern and interest to us.

Thank you for coming. Welcome. Why don't you proceed?

**Mr. C. R. Boucher, President, Canadian Cable Television Association:** Thank you, Senator Davey and Honourable Senators.

Let me say that we welcome and appreciate this opportunity to be able to submit a brief to the Special Senate Committee on Mass Media on behalf of the Canadian Cable Television Association.

It was also intended that our Executive Vice-President, John Loader, should accompany us, but unfortunately he is ill.

The Canadian Cable Television Association represents systems serving 971,750 subscribers, or 88% of all cable subscribers in Canada.

The CCTA Board of Directors is chosen so that there is representation from all parts of Canada.

Since 1952 the cable industry in Canada has grown out of a genuine desire by Canadians for better quality signals and greater choice of programmes.

The first and primary role of the cable television industry is that of a community

antenna television service. This role is a passive one. It is merely doing what each Canadian can do for himself with a rooftop antenna if the signals are available in his area—only we do it better.

A second and active role for the cable television industry is a function that some of us foresaw as a possibility more than a decade ago—the origination of programmes of community interest. However until the CRTC policy announcement of May 13th, 1969, we were not encouraged to engage in any programme production.

Generally, we regard as a new challenge the CRTC's seal of approval to engage in cablecasting activities at a community level, originating programmes to complement rather than compete with local broadcasters.

I must emphasize that this role in community programming, even if we agree with the concept, is not the service for which our customers are paying. For many years to come our customers will still continue to subscribe to cable because of its primary function, to be specific an improved antenna service. There are other roles envisioned, of course, and I will mention those later.

Much has been said about the rapid growth of cable during the last two years but this growth is largely attributable to systems which got under way in the mid '60's and have only lately become operational.

Naturally their subscriber list is growing rapidly as they reach normal penetration in the relatively large markets they serve. I mention this because in the last two years no major CATV developments were begun in large urban centres, therefore the growth will level off. This growth will only commence again with new major developments in cities where cable has yet to be licensed.

In a press announcement last week the Canadian Cable Television Association stated that it appeared the CRTC has been persuaded that the Canadian broadcasting industry was in danger of extinction by cable television.

The CCTA, of course, is in complete disagreement with this conclusion. It has always been the contention of our industry that since, in most cases, we offer an alternate means and a better means of receiving signals to the unsightly and sometimes hazardous household antenna, the effect of CATV systems on the broadcasting industry is not disruptive.



From the very many views presented to the CRTC in the past two weeks at the public hearings still continuing here in Ottawa, neither the broadcasters nor the creative community appeared to regard the CATV industry as an obstacle to the development of a truly Canadian broadcasting system. We regard ourselves as a vital contributing element.

We might elaborate here that presentations made by networks and various groups representing creative talent and performing talent are less concerned with the competitive effects of U.S. signals but they are looking for a greater opportunity to express themselves in every way. They feel confident that the potential exists in Canada to develop our own Canadian programmes which can more than hold their own—that is, to develop a unique and interesting form of Canadian programme much more acceptable than the present Canadian fare which seldom enjoys mass popularity.

Since the submission of our brief to this Committee, the CRTC has issued a further public announcement setting out proposed guidelines which will form the basis of the Commission's deliberations in deciding on the issuance or renewal of CATV licenses.

The extent of the effect of these guidelines is still being analyzed by the CATV industry and clarification sought on several important points raised in the announcement.

We do not believe the Commission intends to reduce the value of cable television to the subscribers by refusing to allow the systems to distribute signals which are readily available off-air or to limit the choice of programmes available. Unfortunately, some press reports on these proposed guidelines have been based upon premature and, in our view, inaccurate conclusions formed by interpreting the CRTC's announcement in the worst possible light.

The financial community has also reacted adversely, but we are sure that as soon as the meaning of the guidelines becomes clear, confidence in the industry will be restored.

Many cable companies are dependent on a favourable reaction from the financial community, particularly at this time because they must comply with new ownership regulations. This is a result of a directive from the Secretary of State that limits foreign ownership to 20 per cent. This has caused an unusually heavy demand for financing from Canadian

sources as licensees seek to conform with the new Federal directives. I might add that this is not restricted to cable but also applies to broadcasting interests.

We are optimistic about the future, and are somewhat encouraged by the CRTC announcement of April 10th because it does permit a limited use of microwave to serve areas where U.S. programmes are not available off-air. We are disappointed that the financial community has not seen this in the same light.

What of the future?

In presentations made before you recently and in statements made elsewhere, you are aware of the "promised land" of CATV in which 20, 40, and even 80 channels have been envisioned. It has been forecast that many new services will be available on CATV systems in future years and we shall deliver these services as soon as technical, financial, social and, dare I say, political problems have been resolved. But more important, there must be public demand, general acceptance of these additional services, and at a price that can generally be afforded.

We are confident of the future of Canadian broadcasting and the part we will play. It appears others share our view. Witness this statement made by a CBC representative when appearing before the CRTC last fall in Vancouver, and I quote: "We know that the public is demonstrably interested in multi-service television and in many areas this can only be provided in a practical way by CATV systems."

We must state, however, that to our customers we are an urban instrument supplying an improved TV antenna service. This is primarily why the public subscribe to cable and judging by the proven acceptance of this service it is apparent this industry's future is assured.

**The Chairman:** Thank you very much, Mr. Boucher. We will now proceed to the questioning and the Senators will direct the questions to you, although they may in the course of the afternoon want to ask questions of your associates. If, indeed, you wish to direct any of the questions in turn to either of your associates, by all means please do so.

I think the questioning this afternoon will begin with Senator McElman.

**Senator McElman:** Mr. Boucher, your brief, particularly pages 22 and 24, questions the authority of the CRTC to regulate cable pro-



gramming and subscriber rates. Do you envisage testing this authority in the courts?

**Mr. Boucher:** Well, Senator, this brief was meant to be informative and presenting facts as we saw them. The Association does not wish this brief to be construed as a challenge but merely a position or an informative document, for the lack of a better description.

**Senator McElman:** I appreciate that, but do you envisage testing the authority?

**Mr. Boucher:** Well, the Association itself, as I say—we have analyzed the facts as we see them, have presented them and are absolutely candid about the situation as it exists, but no decision has been taken to challenge in the forms provided by this Association.

**Senator McElman:** All right. That is the Association's position. Are any of your member units currently taking anything before the courts?

**The Chairman:** That you are aware of obviously?

**Mr. Boucher:** I am not aware of any but there are cable operators making presentations before you.

**Mr. G. Allard, Past President of the Canadian Cable Television Association:** I wanted to mention the authority of the CRTC was challenged by one non-member of the Association. This was with respect to the authority of the CRTC to grant an exclusive license, but I believe this was dismissed.

**Mr. Fortier:** Mr. Couture at Thetford Mines

**Mr. Allard:** That is right.

**Mr. Boucher:** I think that was last fall. I had forgotten about that one.

**Senator McElman:** As an association, do you feel that it is for the good of the broadcast industry, including cable television, that there be a regulatory body laying out guidelines.

**Mr. Boucher:** I think we are on record as being in agreement with the principles of the Broadcasting Act and, of course, this prescribes that there must be a regulatory body. Broadcasting is a very complex, as you well know from all the presentations that you have heard and everything that has been written; there are so many factors involved. What is done in one area is bound to affect another; there is bound to be disturbance of

the ecology along the line, if that is a proper terminology.

So there must be someone who oversees the orderly development, as the CRTC put it, to achieve balance. So in that sense, certainly, we believe there must be this type of body.

**Senator McElman:** In the *Montreal Gazette* of September 6th last year, there is a report of a speech given by Mr. Loader, your Executive Vice-President. He was speaking to the Broadcast Executives Society and the quotation is:

"The right to employ and enjoy the maximum capacity of the receiver should not be limited by regulation for any reason."

Would you like to comment on that and perhaps elaborate on it?

**Mr. Boucher:** I think that he is expressing a view that most of us, certainly the majority of us, have in the industry, that there is a basic right for Canadians that they have—similarly to magazines, as an example, I think this is the example we use in our brief—the right to access to what is available.

In other words, we don't believe that an artificial, say, "iron curtain" or "electronic curtain" would be a rightful means of depriving the Canadian public. I don't think that is the CRTC intent.

I might suggest, that was the context of Mr. Loader's remark.

**Mr. Allard:** I might point out, Senator, that this is spelled out in the preamble of the Broadcasting Act itself. I can't remember the exact wording. I think it suggests Canadians should be entitled to the greatest choice possible, subject to existing regulations. I can't remember the exact wording but it is in the preamble to the Broadcasting Act itself.

**Mr. Boucher:** I think there are numerous references in our brief and one in particular that comes to mind, of course, is that the Fowler Commission Report was quite emphatic about the fact Canada should not become a broadcasting or television ghetto. I think this is also the same context.

Canadian people do want, as a right, the choice. I am not saying United States programmes or anything. My own personal view, of course, is it would be a terrible disaster if Canadians did not have access to as much material as is available. After all that is what made us Canadians.

**The Chairman:** What made us Canadian? Having access to American television made us Canadians?

**Mr. Boucher:** I can give you an example on that. When I was a youngster, when we were teenagers, we looked to the States as the promised land and we were bound here and knew we couldn't escape. If we could have escaped to the States, we felt this was tremendous. This, I must admit, was a kind of hope, but you don't find that today.

**The Chairman:** May I make it clear that you are speaking for yourself, and you may speak for others, but you are not speaking for me. I accept your statement of course, that you felt that way.

**Senator Prowse:** I think he speaks for a great many people.

**The Chairman:** He may be but he is not speaking for me.

**Mr. Boucher:** Unfortunately, I did not conduct a poll amongst our Association members but I have spoken to many, many people across the country and this is something I had not thought about until about a year ago and this is generally accepted. Some of the press reports you have had, for instance, on the situation in Regina, where there is no access to American television there...

**The Chairman:** You said that is what makes us Canadians. Is the fact that many people long to go to the States what makes us Canadians?

**Mr. Boucher:** No, I am sorry...

**The Chairman:** I am not quarrelling with you.

**Mr. Boucher:** I think we have the freedom of choice here and this is a very important part of being Canadian.

**The Chairman:** You mean freedom of choice is part of being a Canadian?

**Mr. Boucher:** I think it is the most important part.

**The Chairman:** I think I understand the point.

**Mr. Boucher:** This is what I mean. I think I should have qualified it. We can choose in so many areas and this is why I am here, for instance.

**The Chairman:** We can pursue it later.

**Senator McElman:** Let me pursue another angle. Let us say in Edmonton that there is a capability of 20 channels and a cable company wishes to bring in 14 U.S. channels and 6 Canadian. Should that be regulated in any sense or should they have complete access?

**Mr. Boucher:** I spoke of the need for balance. I think this would be an imbalance, of course, and the Association has never stood for unrestricted mass importation of U.S. signals. We are on record before the CRTC as having said we are not for a complete freedom to import everything from everywhere in the sense that we can flood the entire airways or cableways of Canada with U.S. programming. This was not the intent of our industry, I dare say, beyond the major networks, and perhaps the two independent sources of programmes in the States like NET. After all there is a limit to viewing and the more signals you bring in to Canada—first of all, there is economics but secondly, you have to limit the amount of hours the individual Canadian would spend watching American programmes anyway. If a wide choice would be available, I think this would have to be re-assessed. As things are today certainly the choice is limited to what is generally distributed right across the continent.

**Senator McElman:** I come back to the basic question: should this be regulated at the choice of the cable owner or by a regulatory body, an agency established by government?

**Mr. Boucher:** Well, if all points are considered I think a regulatory body is certainly in a better position to rule on specific instances and to do it on the considerations of the area to be served. I think this is paramount rather than having broad importation with no restrictions.

I think if you were to ask me whether selections should be based on one particular area, then I would say this would be the better way of doing it; and, of course, a regulatory body would be the only ones structured that way now. They would be the ones to choose what that market could tolerate.

**Mr. Fortier:** Mr. Boucher, for many years, indeed until 1968, the CATV systems were considered as broadcasting-receiving undertakings only, and as such, were not subject, for example, to the BBG authority. In those days they developed following the granting of permits granted by the DOT.

**Mr. Boucher:** Right.



**Mr. Fortier:** I think you reviewed this history in your brief. In those days the Department of Transport merely satisfied itself, before granting or refusing a permit, that the hardware was in good condition. Is that a fair statement?

**Mr. Boucher:** Well, not quite. Firstly, from the late fifties DOT licenses were required. In 1963 the Department of Transport then adopted the policy—as a matter of fact, they froze licensing of cable at that time and adopted the policy of referring each application to the BBG, which is not unlike considerations that the CRTC are giving CATV applications today.

**Mr. Fortier:** But I think you will agree that the BBG never went into the applications in the way that the CRTC is doing today?

**Mr. Boucher:** I accept that.

**Mr. Fortier:** I think you can speak in your capacity as President of the Association to this question: did any one of your members originally envisage doing anything more than a passive role as operators of CATV systems? When you and your colleagues went into the business, what was your first intention?

**Mr. Boucher:** Well, if we go back in time to 1952 the prime motive at that time was certainly the primary function and this continued to be the case for the majority of systems and probably still is today.

We have statistics that indicate how many would like to actively participate in cablecasting. That is in our brief so I won't dwell on that.

In large urban centres, in a more general way, there were cable operators at that time that envisaged that role. Some in fact in the Montreal area did engage in that role. I think they have been originating since the late 1950's and never stopped and are still continuing to do so.

In that sense let us say that in the larger systems there was appreciation of this aspect.

**Mr. Fortier:** There was also appreciation and co-operation from the television stations and the television networks, was there not?

**Mr. Boucher:** I am afraid not. It went the other way.

**Mr. Fortier:** From the earliest days there was antipathy?

**Mr. Boucher:** Well, I can only speak from experience since 1958 and 1959 and I know of certain experiences where there certainly was not co-operation. I suppose if you appreciate the broadcaster, seeing this type of thing develop, he was very naturally apprehensive. In areas where co-operation was tried within the network, for instance, its efforts quickly came to an end.

**Mr. Fortier:** So your evidence today is to the effect you were always viewed with suspicion by the broadcasters?

**Mr. Boucher:** I think we were guilty until we could prove our innocence in that sense.

**Mr. Fortier:** The area of closed circuit broadcasting, as you say in your brief, even Mr. Juneau has implied that perhaps the CRTC did not have jurisdiction over it. Is it your view, as an association, if not the CRTC, that is a Federal administration agency, then there should be provincial agencies which should have jurisdiction over the closed circuit broadcasting?

**Mr. Boucher:** Well, firstly there is jurisdiction over the licensee simply because it is a condition of license today and that control exists with the CRTC.

**Mr. Fortier:** I don't want to get into a legal hassle.

**Mr. Boucher:** Let me put it this way: I think it would have to be one or the other. I don't think we could live with two masters.

**Senator Prowse:** Or without any?

**Mr. Boucher:** Without any... I think the natural realm of community programming is very restrictive in itself. I think there is a lack of appreciation that you seldom, if ever, get 100 per cent penetration in a market. The averages are given in our brief and in Montreal, I believe, it is something in the order of 16-17 per cent penetration of that market and maybe the high in Canada might be in the order of 70-75 per cent. So that I think you cannot reach everyone. By virtue of the type of signal it is primarily in existence to supply—simply because of our passive role—our customers would not be paying for this. I am not saying it would not be done.

I might sum up by saying that many cable operators are most interested in the challenge this provides for them. It is so new, we are experimenting. We don't know where it is going to lead us. We are being encouraged by



the CRTC to develop but I think they are looking for flexibility just as much as we are.

**Mr. Fortier:** Your statement is jurisdictionally you accept to being under the thumb of the CRTC?

**Mr. Boucher:** If I understand the question, would it be any different if we were not in that category. I think as things are developing now, I doubt they would be any different. I doubt we could develop in such a way which would be different from what is envisaged by the CRTC, for instance.

**Senator Prowse:** May I have a supplementary on this? In effect you really provide a public utility, don't you?

**Mr. Boucher:** Well, our service is a luxury and again by limitations, it is certainly not a necessity. The more penetration restrictions there are and legally, there have been many—there have been instances where this has been tested and legally, no. In intent and fact, no, we do not; because it is a luxury item.

I think the proper way to examine it is: what are we really, if not an extension to the customer's antenna? We could be renting rooftop antennas instead of the facilities of a system. There are alternatives.

As you are well aware from presentations before this Committee, there is also the alternative of the home antenna. It is finally being appreciated by broadcasters and the Government, that if cable was denied to carry certain programming or certain programmes on stations that are available in the air, the population will merely revert to household antennas. So in that sense we cannot be considered a public utility.

**Senator Prowse:** Aside from the fact a person can provide their own plant, the same as I could provide my own electric light plant for that matter...

**Mr. Boucher:** Yes.

**Senator Prowse:** You pretty nearly need to have an exclusive territory. Are there cases where you have got two or three different CATV companies available to customers in the same area?

**Mr. Boucher:** No.

**Senator Prowse:** Or do you have exclusive territories? That is the point I am getting at.

**Mr. Boucher:** The exclusive territory is not a necessity. It has never been a fact of life from a legal point of view; but from a practical point of view, you cannot exist side by side, you see.

**Mr. Allard:** The Commission would allow you to live side by side. The Commission grants exclusive licenses.

**Senator Prowse:** Aside from them licensing, what I am getting at is the practicalities of the business. You would hardly have two or three cablevision companies laying cable and trying to go into the same areas in competition with each other. Would this be a practical type of thing? This is what I am trying to find out. Is it the type of business that, by its nature, really requires an exclusive franchise in an area in order to efficiently, effectively and reasonably serve the public in the area?

**Mr. Boucher:** I think from the point of view of efficiency you are quite right; but the industry is very young and who knows... There could be changes. As it is today, it is merely business sense that another cable operator will seldom—and I say "seldom" because there has been one case that I know of—wish to overwire.

**Senator Prowse:** He might race you for an adjacent area but he is not going into an area you are already in.

**Mr. Boucher:** Yes, that is right. There has been one thing that has been exaggerated somewhat in our industry. I say "somewhat" because some of the articles that have been written about the huge profits involved in cable are pure myth. I think the DBS Reports certainly bear that out.

The point is the customer can only afford so much and there are practical economies of serving a specific area and there must be a return. You must figure in your return, operating profits.

**The Chairman:** I would remind Senator Prowse that he is on a supplementary question.

**Senator Prowse:** I am still following in the same line. However, I am subject to being clipped any time.

**The Chairman:** We are all trespassing on Senator McElman's time, that is all.

**Senator Prowse:** I am sorry.

**The Chairman:** Go ahead, please.

**Senator Prowse:** The other question I had was this: I think in Ottawa there are two or three franchises where it seems to me, and this is certainly a personal opinion, it might just as well be handled as one public utility rather than two or three different ones. Do you feel that it might be possible to provide the service more efficiently and more cheaply if licenses were given the same way as electric licenses and gas franchises are given? In other words, you take what looks like an economic area and say "Okay, boy, go ahead within the limits."

**Mr. Boucher:** The Association, of course, has not debated or come up with a view on this point but there is a competitive element to begin with. Even if there is not a matter of territorial competition, there is certainly service competition, isn't there? So competition does exist. Your question is if it went the other way and it is very difficult to answer because a lot of study has been given to that. I will give you my personal view in this one.

There is the possibility of apathy, but bear in mind that in many markets you have to be very careful how you would choose to operate in a given territory because the economics of that territory are very important. Of course, now that we have the rising cost of electronic equipment and the general higher cost of doing business, I think you need larger and larger territories. That is why there has been no specific development in very small communities of late.

**Mr. Allard:** Mr. Chairman, Senator Prowse, the analogy can be drawn to raising the other question which follows logically: would it not be more economical to serve a community with telephone and power together, more economical for the residents of that community if both services were provided by one organization. They are so distinctly different, you cannot run electricity down, for instance, a natural gas pipe. You cannot use the same equipment, you cannot use the same facilities.

If I may be permitted to come back to Mr. Fortier's question regarding a public utility as to whether we indeed or in fact provide a public utility service.

If television can be considered an essential service I do believe, and I am not speaking for the Association, in certain areas we do provide a quasi-public utility service, yes.

**Mr. Fortier:** I should declare my interest first. I was acting for Monsieur Couture in front of the CRTC and before the Supreme

Court. I realize that the matter is now fini. I think the point of view of the Association which was not expressed before the CRTC, but which was expressed by the present operator of the system in Thetford Mines, is important.

You will recall my argument. This is, as you say, a new field; it is a new area. It is a field where the entrepreneur is the one who is providing the investment and the hardware and the service. If we accept that there can be a good CATV system and there can be a bad CATV system, why should not the viewer be given the opportunity of choosing between the two? Why should he have imposed upon him a system which may not, in his community, be as good as the one they have in another community? This is without any reference to any particular market.

**Mr. Boucher:** Let me answer it this way: the way things are today, to obtain a license to operate in a given area, you have to go to the CRTC. The CRTC is a public forum and the CRTC is now probably the body who receives the type of letters or hears public concern that the DOT used to handle, be it problems of reception—not necessarily on cable, or just hydro noise. With the growing awareness of the public of this forum, I suggest you would not have a problem if there are public representations—in other words, if the viewer is heard.

The second part of your question still remains a practical point of economics. From a business point of view, I think probably this is the first time in history, in that particular case you mentioned, sir, where someone wanted to—I think the term used was "overwire an area." Frankly I would not do it.

**Mr. Allard:** It was the second time and before the CRTC took over control of our industry. This happened in Victoria in 1964 where a local operator was providing very bad service and somebody overwired and now the operator is out of business. This was permitted under the DOT.

**Senator Prowse:** The new fellow came in and actually took over?

**Mr. Allard:** Provided a much better service to the community. He took over from the original operator.

**Mr. R. C. Chaston, Director of Canadian Cable Television Association:** It would be a matter of interest to you, I am sure, that the CATV industry, together with the DOC and



other interested parties, have been working for the last six or eight months developing quite sophisticated technical standards. These are almost complete and within the next two or three months, they will be in effect. At this point, the quality of service provided will be very clearly established and will be a reference for all systems across Canada.

**Senator Prowse:** Pretty well standardized?

**Mr. Chaston:** Yes.

**Mr. Fortier:** That would meet the principal objection.

**Mr. Chaston:** Right.

**Mr. Fortier:** Still it is an area where a Government agency has come down in favour of a monopolistic situation.

**Mr. Boucher:** I suggest perhaps that there is also a time element involved in this situation.

**Mr. Fortier:** The operator of the system is not competing freely in the market place with another operator.

**Mr. Boucher:** Not on a day-to-day basis but I would not be at all surprised, if things continue to go as they are today, that you might have competition at hearings for license renewals, for instance.

**Mr. Allard:** The premium we are going to have to pay for that might be very expensive indeed.

**Mr. Boucher:** Especially for the customer.

**Mr. Allard:** For the exclusive license.

**Mr. Chaston:** To pursue that monopoly question, one does have to ignore the fact that these signals are in the air. This was established earlier on in the conversation and we chose to ignore it. We chose to pursue another point of discussion. In fact, if one attempts to ignore the fact signals are receivable in many cases with a simple antenna, that is ignoring a very great deal.

**Mr. Fortier:** That is as far as the receiving aspect of the operation is concerned. Insofar as the disturbing aspect is concerned, it is not in the air any more.

**Mr. Chaston:** As far as the subscriber is concerned the alternative is there.

**Mr. Fortier:** Is that not your principal interest?

**Mr. Chaston:** Yes; but the customer has a choice.

**Senator Prowse:** Once you start to initiate programmes then, of courses, your statement does not apply, does it? In other words, once the cable system itself starts to initiate programmes and to originate programmes within what amounts to a closed-circuit system, then there is not competition insofar as that area is concerned at least.

**Mr. Allard:** Strictly closed circuit. I think anybody can get in the business.

**Mr. Boucher:** It happens in a small sense in theatres today. They call them video theatres which is no different in concept really.

**Senator Prowse:** I think we are wavering both of us. We are on different sides here somewhere and not quite meeting.

**The Chairman:** Senator McElman?

**Senator McElman:** Let us move to that area of your operations. It is quite evident now that licensing and licensing renewals are not only established but expected and that cable systems will move from the strictly passive role to cablecasting.

Now what do you envisage as the type of original programming that will come from this development? Will it be largely a local thing, taking in community interests, or will there be professional entertainers involved? Just what do you envisage?

**Mr. Boucher:** Well, we envisage precisely what you have said—community programming. Some of our members have said it is comparable to an electronic stage for the community. I think that is a very good description.

There is certainly a need in the community for this type of programming. There are very many interested groups across Canada who have been seeking air time on television stations, for instance, and because of economics just have not had an opportunity to express their views. Cablecasting seems to be an ideal tool to explore that very basic area of community programming.

For instance, in your community if you wanted the opportunity to get to the people with a message, it is very difficult to get sufficient air time; but in cablecasting activity, you would not find nearly the restrictions on air time.



Of course, other views in our industry are certainly very strong that there should be a broad representation or very broad expression of opinion from various factions or various groups in the community.

I personally cannot see it developing in competition to the type of programming you have in television stations today. But as the CRTC put it "rather it should supplement." I think this is very realistic.

**Senator McElman:** In other words, you don't see yourself bidding for programmes that a current broadcaster would consider buying for prime time?

**Mr. Boucher:** Well, this brings in a larger aspect of our industry and this is what the CRTC have expressed some views on from time to time—the east-west concept of networking. We visualize that in the immediate future and for many years to come, it will be pretty well restricted to—I hate to use the words "minority programming" but maybe minority appeal is what we are looking for.

**The Chairman:** Maybe "special interest" would be better.

**Mr. Boucher:** Yes, thank you very much—special interest programming, which would originate in one system and bicycle to another. There could be a programme exchange and I think this development is very practical and realistic.

In the sense of competition and in the sense of a network, it is very difficult to visualize this developing. If it does, it certainly could not happen in the very near future because this is not the type of role that we find ourselves in, in a practical way.

**The Chairman:** Mr. Allard I think wants to contribute something.

**Mr. Allard:** As long as the Commission will not permit us to sponsor any of the programmes that might originate on one channel in our community, it would be foolish indeed to compete with programmes that are available to broadcasters.

**Senator McElman:** Basically, the programming format you see ahead is one of community involvement rather than an entertainment channel?

**Mr. Allard:** If I could just use an expression—I believe community inter-assistance in Canada today can provide a mirror to the

community which the community can use as it best sees fit.

**Senator McElman:** You don't see entertainment playing a large role in this type of cablecasting?

**Mr. Allard:** Maybe in the future when we talk in terms of pay-TV, for instance.

**Mr. Boucher:** One of the basic problems we have in this area is economics. We charge a nominal fee averaging, say, from 4 to 6 dollars a month. If we were to actively compete with a network for programmes, we are talking about fantastic sums of money, even if it is spread over the entire subscriber list in Canada. Obviously the subscriber has to pay for it. So now the subscribers would find himself having to pay \$7.50 to \$8.00 or \$10.00 a month, even \$20.00 a month. Then you are going to lose a large section of the population that cannot afford that kind of money—and this is in the immediate future.

I don't know how long the condition could last but I don't see any foreseeable change. Therefore you would automatically reduce the penetration you have with cable because fewer people could afford the service; and you would see the spiral goes downward as the cost goes higher and higher for more selective programming.

I cannot visualize and I don't think we generally in the industry visualize this as a possibility or as a probability, certainly not for the immediate future.

**Senator McElman:** This leads to the next question. Your costs are obviously going to increase as you start cablecasting, for staff and technical people and so on. Do you see this resulting in an early increase in the rates that are being charged generally?

**Mr. Boucher:** As conditions are today, it doesn't appear that there will be any significant increase generally in the immediate future.

**Senator McElman:** You feel you can handle this within your current rate structure?

**Mr. Boucher:** I will give you one specific example of one likely source for additional revenues required for that. It might be because now you are offering a little bit of something extra to a minority group which you may not have as subscribers, especially in ethnic regions of a city. This is one source.

I think there is natural growth involved and it is hoped, and it is the view of the industry, that if the public do accept this form of programming, we might achieve even greater penetration, which would to some degree even offset the cost of programming.

Community programming cannot be equated in any way in cost, say, to a CBC production. It is a different kind of programming and technique; although it requires very substantial investment from the point of view of the cable operator to get into cablecasting, it is certainly different from buying a \$140,000 camera where we might spend \$10,000 on a camera, for instance.

**Senator McElman:** Where, Mr. Boucher, do you anticipate getting the cameramen, for instance, and the technicians? Are you going to train up people who have no experience? Obviously this would give a pretty poor fare certainly for a time. Or do you feel that there are people available now? I understand there is a scarcity.

**Mr. Boucher:** This falls into two categories. These opinions were expressed at the CRTC last week. From the point of view of creative talent, certainly there is lots available. Technical talent is something else again; but of late, I think because of growth of broadcasting generally and the prospects of educational television, more schools, especially in the larger urban centres, have courses in the television arts, be they technical, operation, creative or what-have-you. Those courses are available today and they have been graduating people.

I was amazed at the amount of applications that seem to be going in from people who can obviously do a fairly good job, if not a very good job, in most major operations. That has happened to me in our own operation.

**Senator McElman:** I can see the possibility of getting at least semi-trained people in the larger market areas, but do you not think this is going to be a very severe problem in the smaller areas where cable now exists?

**Mr. Boucher:** I think the smaller areas probably will take longer to instigate or to get into cablecasting and some areas may never. We cannot say at this time. It is a bit early.

With the rapid development in videotapes and the lowering of the cost of videotapes and videotape techniques, it could be done. While there may not be a studio per se and a

lot of local origination, at least there could be programmes available from a regional aspect or the closest major centre or a consortium across Canada, which does exist for community programming as such.

**Mr. Allard:** If I may, Mr. Chairman, I cannot see, for instance, an operator in Baie-St-Paul spending a lot of money on local origination when this potential is 1,000 subscribers. There are many areas of this nature in Canada.

I really believe, if I may use an expression, that we are whistling Dixie when we ask all operators to originate programmes in their community.

**Mr. Fortier:** Unless he belongs to a network and the latest proposal has been to open the door to CATV networks.

**Mr. Boucher:** This could develop but it is so early in the game it is very hard to do anything but give an educated guess. But what you are suggesting could very well be the possibility.

**The Chairman:** Are the CATV stations across the country now permitted to do their own programme origination?

**Mr. Boucher:** Oh, yes.

**The Chairman:** Could you tell us something about how much is done?

**Mr. Boucher:** Perhaps Mr. Allard could tell us what has been done in his region.

**Mr. Allard:** I believe we have some statistics on this, Mr. Boucher.

**The Chairman:** In this brief? I didn't see them.

**Mr. Boucher:** I think this was a percentage of people who are going to actively participate. I will give you the specifics as I understand them.

**Mr. Chaston:** We originate 35 hours of live programming each week from two studios, mainly in French, but there are also programmes catering to the Greek and Italian communities. We have 200, 300, and in some cases 350 people through the studio in a week. This has been going on over the past five years.

**The Chairman:** When you say 35 hours a week, what kind of stuff do you do?



**Mr. Chaston:** Broadly informational, educational programmes.

**The Chairman:** When is it on during the day?

**Mr. Chaston:** Broadly from 2 o'clock in the afternoon until 9.30 at night.

**The Chairman:** Do you do it between 7.30 and 9.30 at night in prime time?

**Mr. Chaston:** Yes.

**The Chairman:** How many nights a week on prime time?

**Mr. Chaston:** Five.

**The Chairman:** Five nights a week in prime time.

**Mr. Boucher:** I might suggest that later this afternoon and tomorrow morning you will be hearing from two cable operators which I know are also engaged in cablecasting, and they might have a view in that respect.

**The Chairman:** You say that 88% of cable subscribers in Canada are represented by your Association. Of those 971,750 subscribers, what percentage would have the opportunity of seeing, on the average day, programme originations by your cable systems—in round figures?

**Mr. Boucher:** Perhaps I would say in the order of 15% or 20% now because of the large urban systems. However this is growing very rapidly and our survey indicates there is going to be added participation or more cablecasting in the fall.

**The Chairman:** Why have these people been so slow to begin their own programming?

**Mr. Allard:** May I answer this? Because there is no requirement, there is no incentive.

**The Chairman:** Surely the incentive comes from the subscribers who pay you a fee to receive the service. Surely that is the incentive to provide a service.

**Mr. Allard:** When you are, as I expect we are, entrepreneurs and profit-oriented, there is no justification in the community where CATV systems per se will bring us 60 to 70% density, to originate programmes and pay the costs thereof.

**In areas like Montreal where CATV is not in as great a demand as, say, other communi-**

**ties in Quebec, then it behooves us to spend money on programming to attract additional subscribers.**

**The Chairman:** Then programme originations on cable do attract subscribers?

**Mr. Allard:** In certain communities, yes. In Montreal they certainly do attract additional subscribers.

**The Chairman:** Why Montreal? Why not in Toronto?

**Mr. Allard:** The residents of Montreal can receive three or four local channels and if they have a rooftop antenna two U.S. channels. CATV systems offer the four local channels and one additional U.S. channel.

There is not enough demand in, say, seven channels per se to entice people to subscribe to the cable and therefore, the cable company originates its own programmes to attract more subscribers.

**Mr. Chaston:** That is right. Basically also, of course, because of the two basic languages in Montreal, we have also originated these programmes predominantly in French to equate some balance between the two offerings.

**Mr. Boucher:** I might suggest, Senator, there is another reason. We had no idea what our fate would be with respect to the Broadcast Act until the first announcement that the CRTC made. That was barely a year ago.

To build studio facilities, to erect your systems and in some cases to create additional carriage capacity, one year is a very little time. This is one of the reasons why our survey seems to indicate there is going to be more activity. Certainly activity is planned now. I know that a tremendous amount of money has been spent on many systems to get into that kind of thing in the urban centres.

**The Chairman:** What has the Canadian Cable Television Association done as an association to enquire into the concern which special interest groups might have in this kind of programming on cable?

**Mr. Boucher:** This is not done at the Association level but is certainly being done by the individual systems. Of course they are in the community and talk to the people.

**The Chairman:** Would this not be a good thing for the Association to do?

**Mr. Boucher:** It is probably more effective that the individual operators do it on their



own, at this stage of the game anyway, because their immediate concern is filling the needs of that particular community.

**The Chairman:** Let us take an organization like, let us say, the Canadian Bar Association. Is the cable operator in London going to approach them? Is that not a thing that should be done nationally?

**Mr. Boucher:** Firstly, our Association is collecting and has been collecting data and there is a dialogue within the group to appreciate in what areas the Association can be of some assistance.

The Association has, for instance, initiated dialogue with the National Film Board.

**The Chairman:** That is a government agency.

**Mr. Boucher:** Programme sources.

**The Chairman:** Non-government agencies?

**Mr. Boucher:** Well, we have approached it from the reverse.

**The Chairman:** You are leaving it up to the individual station?

**Mr. Boucher:** The individual station is the Association, isn't it? They have been feeding in this information and there is a better appreciation for the role of cablecasting. From the point of view of programme production or originating programmes, this is a very new role for us and I dare say we have not been broadcasting oriented in general.

**The Chairman:** One of the virtues of cable which you have talked about here today, and I agree with you, is special interest programming. I think you are perfectly right. All I want to know is who is there in Canada, either you as an association or the individual stations, who is approaching special interest groups to say "Are you interested in cable?"

Everybody talks about it; but do we in fact know it?

**Mr. Boucher:** Yes, we do. The individual operators obviously are experimenting with specific programmes, if they get a group saying there is an interest in this type of activity. I think in Toronto there is quite a bit of that and certainly in Montreal.

**The Chairman:** Could you give us an example in either Toronto or Montreal?

**Mr. Chaston:** You could consider the Red Cross and St. John Ambulance, that sort of

thing. They have come to us and they have been running programmes for at least a year.

**The Chairman:** You say they have come to you. You didn't go to them. Who are some organizations you have sought out? I am not attempting to embarrass you. I am saying "Here is a great opportunity for you fellows. What are you doing about it?"

**Mr. Boucher:** I think it is happening, Senator Davey. We had to start from scratch and certainly, in the past year, there has been growing evidence that this type of thing is going on.

If I might speak for the companies I am associated with, we have been talking to various groups and actively thought out the type of programming and they are now doing their homework.

**The Chairman:** Groups like what?

**Mr. Boucher:** Health units on drug addiction, for instance, is one area. There is a group very interested in getting across the whole concept of regional development in Ontario, for instance. They want to explain that and get public appreciation of the problem. This is another area. They are now thinking about the type of format.

We have been approached from areas where we didn't have the faintest—one party approached us...

**The Chairman:** A political party?

**Mr. Boucher:** No. I am sorry. An individual. There seems to be a matter of a lack of appreciation as to whether people should buy a car or lease one. I think there is a real story and I think it would be a public service.

The minute we start actively then it begets more interest. I think it is a matter of experimentation and getting to know what goes, what is expected, what the community really needs.

I know for a fact that this is being researched because, after all, if the cable company is going to involve itself in programme production, he wants to make sure he has something the viewer will watch. Nobody wants to produce something—there is professional pride there.

**Senator McElman:** You have done some original programming and I am sure you have feed-back on it. Perhaps it would be helpful if you told us what were the highest rated shows you carried.

**Mr. Chaston:** Perhaps I should make it clear that we have a programme director and this is the kind of information on which he would have more accurate answers than I. Perhaps we could get this from him and give the information to the Committee later.

**Senator McElman:** Do you have a general idea?

**Mr. Chaston:** We don't get ratings the same way radio stations get ratings. We can only judge by reaction from the phone calls we have.

One programme is a pet show which has been on for more than 18 months at this point. A fellow brings a pet or a fish or whatever and talks about it at some length. It is mainly a children's show and there is a great deal of interest. The last 15 minutes are devoted to incoming phone calls, enquiries about the programme and the animal and what-all. That 15 minutes is predominantly full. There is a flood of phone calls.

There are many instances of that kind. This is the only way we can judge true reaction. Of course we get four or five hundred letters a week but basically they are phone responses of this kind and it is very obvious when it is being well followed.

I could cite special instances, such as Christmas time and this sort of thing, where phone calls are made and we have hours of phone calls coming in from children.

**Senator McElman:** One last question on this area. During the period that you have been doing original broadcasting, have your rates increased at all?

**Mr. Chaston:** No.

**The Chairman:** It was not necessary in consequence of that?

**Mr. Boucher:** May I answer the Senator, which is also in the same vein?

**The Chairman:** Senator McElman or myself?

**Mr. Boucher:** You, Senator Davey. With regards to the question as to what can we do as a group to accelerate this. This is the way I understood it.

At our next convention, which is about three or four weeks from today, a great deal of time is being spent and we have solicited aid and are encouraged by the help that we are going to receive from professional people.

We have scheduled seminars and panels to explain how to go about finding this type of programming, to educate us in the art of research and many of the questions you suggest we should be looking into.

**The Chairman:** Mr. Boucher, perhaps a study undertaken by this Committee might be of interest to you and you might wish to comment on it.

We decided as a Committee we should attempt to determine the degree of interest in broadcasting among special interest or minority groups. That being so, we decided to contact some of the special interest groups as well as contact a number of cable operators.

We were interested in determining how interested cablecasters would be in this kind of programming and what groups specifically might be interested in availing themselves of such an opportunity.

We wrote 150 organizations, and as this has happened very recently, I can only give you an indication. In the first group of replies, we heard from eight organizations. The eight organizations without exception all would like to develop material for programmes and assist in their production. Most would like them to be televised programs. We received replies from The Canadian Association of Real Estate Boards, the Czechoslovak National Association of Canada, the Unitarian Service Committee of Canada, Canadian Civil Liberties Association, the London Symphony Orchestra, The Farmers' Union of Alberta, the Canadian Combined Training Association Inc. and the Canadian Bar Association.

As I say that was the very initial response we have had and every one of those organizations expressed the keenest possible interest in this kind of programming.

Let me say by the same token that the cable operators we contacted, and we contacted 115 of them and we have heard back from 11. With the exception of the very small operators, people in some cases with under 250 subscribers who have indicated they didn't think it would be financially sensible, everyone above that size again indicated considerable interest.

I think it is a question of marrying the two and you might have something very worthwhile.

**Mr. Boucher:** I think it is a matter of time in compiling a list. Of course this must be launched at the community level rather than approaching national groups.

**The Chairman:** Why?

**Mr. Boucher:** Community levels—how many people are interested locally? If they all produce—my gosh, it will be fantastic.

**The Chairman:** It would be good.

**Mr. Boucher:** We haven't had a refusal yet to start preliminary discussions. I speak for myself, where we have approached people they have said "Yes, this sounds like a good idea." We haven't had any negative reaction at all.

The next stage is, once the facilities are available on a grander scale across Canada, will these people produce? My indications are many will.

**The Chairman:** Many people talk glibly about interests in this special interest programming. Many witnesses came before the Committee and said there was great interest in it. We thought: "Let's really find out."

I am satisfied from the very initial response and the beginning of the returns, that there is an enormous interest.

**Mr. Boucher:** We have to agree with you. That is why we are enthusiastic.

**The Chairman:** All right. Couldn't you be doing more? I take your point that you are going to be doing more.

**Mr. Boucher:** I just spent the last two weeks in Ottawa!

**Mr. Allard:** Mr. Chairman, in answer to your question, what is the incentive?

**The Chairman:** I think the incentives is to provide a service to the people of Canada.

**Mr. Allard:** Other than being a good citizen?

**The Chairman:** I think being a good citizen is part of being a good communicator.

**Mr. Allard:** We are in the business. We are profit-motivated. We are. We are entrepreneurs.

**Mr. Fortier:** So are the CTV people.

**Mr. Allard:** Has anybody asked the CTV to be free of sponsorship?

**Mr. Fortier:** They provide 60 per cent Canadian content...

**The Chairman:** Perhaps I could ask you, Mr. Allard, I see the point you are making

but what other function do you have besides making a profit? Are you not interested in providing a service? I am sure you are.

**Mr. Allard:** Oh, yes.

**The Chairman:** What do you use that service as?

**Senator Prowse:** Making a profit!

**The Chairman:** What do you see that service as?

**Mr. Allard:** providing the best service possible to the community we are serving.

**The Chairman:** What kind of service?

**Mr. Allard:** The service we are providing today must be appealing to the community since in excess of 70% per cent of the community is subscribing to the service we are providing.

**The Chairman:** You say in the brief, and it is repeated several places in the brief but I won't find them now, that this is primarily because your subscribers want to receive more American programmes.

**Mr. Allard:** Not in all areas.

**The Chairman:** I think it says that is the primary reason. Doesn't it say that in the brief somewhere?

**Mr. Boucher:** I think additional programming or variety. It works two ways. We do provide additional programmes from Canadian sources in many cable areas. For instance, there are areas where U.S. programmes are not available at all and yet cable television is thriving.

**Mr. Allard:** There are certain areas in Ontario and Quebec where the greatest demand is for Canadian programmes transmitted by Canadian stations.

**The Chairman:** Do you think the industry would be as flourishing today if it were not for the demand for American programming?

**Mr. Boucher:** I agree.

**Senator McElman:** Page 41 points up, the primary purpose of cable companies is to provide broadcasting by U.S. stations. Is this really the primary purpose?

**Mr. Allard:** For cable companies across Canada probably it is; but not necessarily so when you look at it on a regional basis.



**Mr. Boucher:** I think we put it a different way. This is the reason we exist and our customers put us there. One thing I must mention with regard to local programming, it is somewhat discouraging because there are indications that we will only appeal to a very small segment of the audience. At times, this may tend to discourage people who have artistry and certainly want their works to be seen or their efforts to be appreciated.

**The Chairman:** It is a small segment of the audience. As I understand cable, when Mr. Chaston does his local 35 hours of prime time cablecasting from 6 to 9.30, it is probable the majority of his subscribers are watching other channels.

**Mr. Boucher:** Yes.

**The Chairman:** The point is the programming is still available for the minority or the special interest group.

**Mr. Fortier:** I think Mr. Allard's statement should not go unnoticed or untested. Are you saying that the cable systems should not strive towards the broadcasting policy which the Broadcasting Act has put in black and white two years ago? You should only strive to make a profit, you are entrepreneurs and you should not be required by the CRTC to originate programmes; is that what you are saying?

**Mr. Allard:** I am not suggesting we should not be required to do so. First of all, I qualified my answer I made before. We are profit-oriented and it is because we are profit oriented that we are very conscious of providing to the community the best of services. Otherwise the profits would vanish.

There is nothing wrong with making a profit either. I think everybody would agree with that.

**Senator Prowse:** The only thing wrong is not making a profit.

**Mr. Allard:** Exactly.

**Mr. Fortier:** You said: "Why should we be asked to originate programmes? After all, what is the incentive?" Did you mean that?

**Mr. Allard:** No. The assumption is: let us by all means originate programmes; let us provide a further service; let us be the mirror for the community.

I agree with this but why ask us to finance the cost of the programming entirely out of

revenue from CATV service per se? The assumption is we are making so much money that we can defer the cost of programming.

Quite actually most operators will place their programme manager in a straight-jacket and say "This is the budget and you are not going to spend a penny more."

**Mr. Fortier:** You are not disputing the fact you are making money?

**Mr. Allard:** Of course.

**Mr. Fortier:** And that you are making good money.

**Mr. Allard:** We are making a fair return on our investment.

**Mr. Fortier:** After you have set up the head end antenna, paid the rent of the common carrier, and installed wires into the individual homes, wired up the individual homes, what other costs do you have?

**Mr. Allard:** The costs of operating and maintaining the system and paying 52 per cent of your money to the Federal authorities.

**Mr. Boucher:** Are we permitted a supplementary answer on the profits?

**The Chairman:** You are permitted to say anything you want.

**Mr. Boucher:** I will ask Mr. Chaston.

**Mr. Chaston:** I would like to quote the DBS statistics, catalogue 56-205. In table 5 they are reporting on the net operating revenue of CATV systems broken down into groups. The groups they chose referred to the gross annual revenue. Out of 377 stations on which they are reporting as a total across Canada, the group under the 50,000 dollars heading, which amounts to 245 stations, was 65 per cent of the total loss, 209,000 dollars, which is an average of \$850 loss each year for the 245 stations.

**Mr. Fortier:** You and I know the answer to that. The system is still in its inception and you were still shouldering capital costs.

**Mr. Chaston:** May I reply to what you say that all you do is put up the wire, throw in the amplifier and stand back?

**Mr. Fortier:** After you have written off the initial capital cost.

**Mr. Chaston:** In 1952 when the Montreal system went into operation, it started off with

the equipment which was available at that time which carried two channels.

Since then, that system has been rebuilt five times and today we are handling 12 channels. Tomorrow we are going to have to handle 20 and when we do, we have to find many millions of dollars to replace the existing amplifiers, replace a lot of cable, and provide subscribers' equipment. This has been going on for 18 years to my knowledge.

When we get to the line with the 20 channel system, there will be 40.

**Mr. Fortier:** Let's not kid one another. I follow that and grant you your point. Let us take your company, National Cablevision Ltd. in Montreal.

Your principals have been forced to divest themselves of 80 per cent of their holdings because of a pronouncement which was made last year by the Cabinet and you know the sort of price which is being asked by your principals. We are dealing with millions and millions of dollars.

**Mr. Chaston:** Right.

**The Chairman:** You might let the Committee know what the price being mentioned is.

**Mr. Fortier:** I think I would rather Mr. Chaston tell us what the asking price is.

**Mr. Chaston:** I am not privy to that information.

**Mr. Fortier:** I have that information, Mr. Chairman, not in my capacity as counsel to the Committee. I don't think I would like to get into it.

**The Chairman:** After the meeting I will ask you, not in my capacity as Chairman?

**Mr. Fortier:** Cable systems which have been installed and which are for sale now are for sale at a very substantial asking price. Correct?

**Mr. Chaston:** I presume it is a realistic asking price, else they would not be purchased.

**Mr. Fortier:** This is all getting back to Mr. Allard's point—what is the incentive? Why should we produce programmes? We have difficulty making ends meet... no pun intended.

**Mr. Allard:** I didn't mean to convey this impression at all.

**Mr. Fortier:** I am afraid you did to me.

**The Chairman:** You did and I think you should have the opportunity of expressing yourself and clarifying any mistaken attitude we have.

**Mr. Allard:** If we are going to provide programmes in the communities where we are operating and regarded as a very efficient organization—and I believe we are because we are providing a fine service to the community—if we are going to go into the local organization branch of our operation and produce programmes for the community, I believe we should produce programmes which will have an appeal to the community and therefore it is going to be very costly indeed.

Why produce programmes at all? If we are only going to be encouraged to produce programmes, we are going to very much limit our budget for programmes.

**Mr. Fortier:** Let me ask you the obvious question. Are you in agreement with the CRTC proposals that you should originate some programmes?

**Mr. Allard:** I am in agreement with that proposal but I am not in agreement with the proposal we should not be allowed to sponsor the programmes.

**Mr. Fortier:** A step further, you are saying you should be given the opportunity of soliciting national as well as local sponsors?

**Mr. Allard:** Not national. There are enumerable merchants in Sherbrooke, for instance, who would dearly love to pay \$20 a minute to advertise their wares on our system and we are not giving them the opportunity. They cannot afford to advertise their wares on the local station because it costs \$200 a minute, or whatever it is.

I am suggesting we should give the merchant that opportunity and use that revenue to defray the costs of programming and improve the quality of programming as a result of deriving revenue from that source.

**Senator McElman:** Is it not implicit in the whole CRTC approach that if you present a type of local programming which is of good quality and has high local interest, that you can come back and ask for an increase in your subscriber rates rather than turning to sponsorship?

**Mr. Boucher:** As in so many cases, the CRTC wants complete flexibility and they are



trying to keep the door open. What they have said is they would be willing to listen to any proposals. There has been little opportunity because this came after the original sweep of licence applications. Now they have yet to hit renewals. The CRTC want breathing time as much as we do.

Of course remember that the Association, while it is representing a majority of these views, within that majority there are various opinions which can be expressed and it could not be generally summarized. At license renewal time I am sure some interesting proposals would be made by many cable operators.

I suggest not only is cable in a position to supply non-competitive programming with today's broadcasters but it is also in a position to tap a non-competitive advertising source that do exist that don't advertise in newspapers, radio or television.

**The Chairman:** You have been talking about the CRTC cable regulations and so on. What is your opinion of the proposed regulations on Canadian content which the CRTC is talking about presently to the conventional broadcasters?

**Mr. Boucher:** Well, I think I share the view that many have expressed to the CRTC in the last couple of weeks; that quantity does not necessarily assure you quality. Quality is what is required in Canadian broadcasting.

It is a major problem. I think the CRTC are delving into it in great detail because this is a problem. How do you increase the quality and at the same time demand more quantity.

**The Chairman:** Do you think increased Canadian content on the part of conventional broadcasters is in the public interest?

**Mr. Boucher:** Well, again we are back to the viewer. If we can supply the Canadian public with more of what he wants to see, regardless of source—I am saying this can be Canadian as well as European or any other source—I think it behooves us and if we have the technical advantage to supply this need or contribute in this sense to the enrichment, I think we should. This applies to broadcasters as well as us.

I think what is happening today, there is such a change that is being experienced in the arts and broadcasting. Public appreciation is changing so rapidly I think we are all trying to catch up with it and this is good.

We recognize that Canadian programming, I think, can play a very important part in that. I think it is being amply demonstrated that there is a great amount of talent in Canada. It has to be developed. This cannot be done, as we said early in our presentation, and it doesn't appear to be the opinion either that it should be done, at the detriment of other forms of programming.

**The Chairman:** It says in your brief, and this is the quote we referred to earlier:

"The reality is that the primary motivation for the great majority of Canadians to subscribe to cable television is to obtain clear reception of U.S. channels."

I assume from that, the primary motivation of your organization has been to inundate Canada with American signals. Is that a fair statement? Perhaps "inundate" is wrong.

**Mr. Boucher:** "Inundate" is not fair.

**The Chairman:** I was going to say "swamp" and that would have been worse.

**Mr. Boucher:** We have stepped in to meet a public demand for this type of programming obviously, or else we couldn't exist.

Of course as the airways become more cluttered, there has to be a refinement in transportation between the transmitter and the receiving set. This is becoming increasingly important. I think this is where we fill the gap, so to speak. This is our business primarily, or was our business primarily.

**The Chairman:** As a Canadian does it concern you that there is this apparent demand for American television signals?

**Mr. Boucher:** I think it is winning by default, Senator. The fact that Canadian audiences or Canadian viewers are increasingly watching Canadian stations, for instance, is very encouraging.

By the CRTC's own statistics, for instance, there are only two centres where this type of increase has not been prevalent. In a market survey that the BBM did, only in two centres did this not take place and both are not served by cable.

**The Chairman:** They may be watching Canadian stations but they are watching American programming on those stations.

**Mr. Boucher:** When we keep looking at statistics there is a danger of not going far enough or going too far.



**The Chairman:** Either one. Right.

**Mr. Boucher:** In our case I think when you start dissecting how come people with antennas watch fewer American programmes and there is an increase of viewers watching American programmes with their own cable—what statistics don't indicate is why they are on cable in the first place.

Assuming they would have no cable in that community and they are all receiving their programmes on rooftop antennas, you would find that the people who subscribe to cable first are those who were watching more American programmes in the first place.

When you make a small sampling and go to a home and find why they bought cable in the first place, you might find it was because their antenna got rusty—but they were still watching American programmes.

Of course in reply to your original question whether I am concerned or not—I am concerned. I would be very concerned if we were detrimental to the identity of Canada but I do not think this is happening.

By my statement earlier I feel the opposite way. We are Canadians, we have the opportunity to compare. We have had the opportunity to choose more freely a way of life here and I think in that sense if we have gotten to appreciate why we are Canadians or Canada more quickly as a result of being exposed to the States I think it is doing a marvellous job.

**The Chairman:** I am not sure I follow that statement.

**Senator Prowse:** It is really easy.

**The Chairman:** It may be. I am not sure I understand it.

**Mr. Chaston:** I think it would be wrong to conclude from the statement which you read from our brief that it is the intention of this industry to inundate Canada with American signals.

What this says is that Canadians have subscribed to cable in order to "receive clearly the signals of U.S. stations." Most of them subscribing to our systems could already get them before. All we have done is provide them with a cleaner signal, a clearer signal, and one they could have provided themselves had they put up higher antennas or more sophisticated equipment.

**Mr. Allard:** This is pointed out at page 36 of our brief.

**Senator McElman:** Mr. Chairman, perhaps in the time left to us we could move beyond actual programming to the technical prospects for the future.

We have had the Bushnell group and Mr. Griffiths has expressed his views on what the future holds.

You have referred at page 56 of your brief to what you believe to be a possibility that some television broadcasters may choose to close down their transmitters and feed their signals directly to the cable system.

As a matter of fact Mr. Loader is quoted as saying that cable will replace the broadcast stations in heavily populated areas as a means of distributing electronic news information and entertainment.

Then at page 62 you envisage CATV hooking the public into computers, libraries and so on.

At page 63 you give what you suggest is an alternative where like the telephone you will simply dial the channel or type of programming you want.

Could you elaborate in this general area and paint for us a picture of what you actually do see as the immediate or near future and the far future of cable?

**Mr. Boucher:** Well, Senator, I am glad you said the "near future" and the "far future" because I would also add the "visions" as Stu Griffiths amply pointed out. If you want a vision that is it.

**Senator McElman:** Let us look at the near practical approaches.

**Mr. Boucher:** First of all immediately there are limitations to development.

Firstly any change or any departure from the present concept, such as offering many more channels and especially the switch concept where you dial a programme—we are talking about millions if not billions of dollars, to institute the hardware that is necessary.

Again we are dependant on the public acceptance and their ability to afford it to make this practical. For the very reason I was mentioning earlier about spiralling of receipts, the fact is that if the service becomes too expensive, so that people cannot afford it, then of course, you have a downward spiral. This is a major obstacle. I think this is one that must be overcome first.

For the next years I think most of us agree that while there will be the same amount of

technical improvements and probably this introduction of local programming, along those lines I think cable will continue to develop; but once we reach the point where the hardware concept must be changed, it requires a tremendous amount of investment.

That problem will be very realistic and may well dictate a major national decision at that time but it is very premature to speculate what it might be as far as the futuristic pie-in-the-sky attitude by some people or very practical ideas. So again we are back to economics. The present limitations on computers, for instance, the concept of a cable system as such—I don't think it offers the same reliability which is required for data transmission. This is not the type of hardware we have in cable systems today but it is more than adequate and can do even a better job with the research developments that are presently being instigated; the quality of television can probably be improved.

I think the next step would probably be the additional carriage of channels but limited to the spectrum of cable as we know it today. When we talk about 20 channels, in practice it doesn't appear that we can carry more than 16 or 17, if that many.

I look at Mr. Switzer back there and I think he could answer much better than I can.

The fact we will have these limitations and that they can only be overcome by tremendous expenditure, I think, is what we are hung up with right now.

From the point of view of visions I could speak all day but I don't think it is nearly that practical to explore definite areas. I think our views as an association, of course, are in the brief in the sense that if we could have developed a technical aspect or practicability of such things even more, we probably would have.

**The Chairman:** I think Mr. Allard wanted to add something.

**Senator McElman:** Before he does could we look at the next 5 to 10 years. Do you see the real possibility of what Mr. Loader suggests of broadcast stations, as we now know them, actually being replaced. You say somewhere in your brief some broadcasters will choose—one would probably add that they are compelled to choose—to close down their transmitters and go on to cable. How soon do you see that happening?

**Mr. Boucher:** Within the next five years, I doubt that broadcasters will be compelled to

choose. Within the next five years I am sure you will see some form of applications from someone who wants to start a broadcast service using cable facilities. I think this is a very great probability.

**Senator McElman:** Then this would seem to bear out the very real concern that the CRTC expressed that as this conversion period takes place, considering service other than in the metro areas, there is a very real need for strong regulation.

**Mr. Boucher:** I think what would prompt a real threat is when you have a system where you dial a programme. Then you have relatively an unlimited channel capacity.

As you know the broadcast industry is really studying itself as to what the public really wants. I think there seems to be an earnest effort generally at finding out what their future role can be.

The only difference, for instance, in a broadcaster operating on a cable system, providing he is reaching the same audience, is really the fact that he is not using the airways but he is going directly to the home.

All we have done is replace air with a piece of copper. That is providing we have the same audience reach. That is the problem. We don't have that audience reach today.

One thing which is very important is to appreciate that cable owes its existence to the TV set. It is connected to the TV set. It is financed by the person behind the TV set. Whereas broadcasting is coming from a totally different direction. It is financed from the person who sponsors the programme.

There is certainly no dove-tailing as yet. I am not sure this is not possible but I would like to term that as a vision in the future. I am sure as we learn more about ourselves, learn more about our problems, being broadcasters or cable operators, that natural evolution will take place. Whether it will be along those lines or not I don't know but our Association certainly states very clearly that—to use my own words—we are guilty until we can now prove ourselves innocent.

While we can contribute to the Canadian television system, and it is not an insignificant contribution, we do not, I contend, have the same financial effect as people seem to think we would have. I think it follows naturally we will get together somewhere along the line but who knows what the future will bring. It is a very interesting area.



**Senator Prowse:** The camel's nose is already in the tent.

**The Chairman:** Do any of the Senators have any other questions? We have other witnesses.

**Mr. Fortier:** I would like to know what members of the Association are going to do during the blackout periods that CRTC is recommending.

**Mr. Boucher:** It is merely a recommendation. I am glad you said that. Certainly the CRTC indicated to us they are quite prepared to sit down and discuss the possibilities.

**Mr. Fortier:** What are you going to tell them when you sit down with Mr. Juneau and Mr. Boyle?

**Mr. Boucher:** I think we haven't said very much yet but I think it is being said for us—that people will revert back to antennas. This is our first opinion, of course, and if we were the only voice and the first one to say it it would be different but it is a general opinion.

**Mr. Chaston:** I would like to throw in a supplementary answer to Senator McElman's last point.

The CRTC concern, of course, and the broadcasters' concern is not so much with the transmitter per se. That is just a piece of electronic equipment. It is the broadcasting, the programmes they prepare and the advertising they put in it.

The CATV is no threat to that programming, which is their business. Really a transmitter in the broadcasting sense is almost a necessary evil.

The broadcaster has studios and film equipment and telecine equipment and vast resources for producing programmes. It all comes funnelling through one odd bit of equipment which is different from anything else they use, electronically different in every way.

It is very simple because it is the only way they can get all the work and advertising in the programmes out to the viewer.

Now replacing the transmitter with a piece of copper wire, the CATV or whatever the system, is a different way of transmitting the signal. The CATV industry may replace some transmitters but it certainly would not replace what is behind those transmitters, that is the broadcasting industry.

**Senator McElman:** I appreciate that fully as long as we are talking about the urban audience.

**Mr. Chaston:** I think Mr. Boucher qualified his answer that possible replacement of the transmitter itself only could take place provided the copper wire was reaching the same audience, and that is another matter which would have to be looked at at that time.

**Senator McElman:** Of course CRTC is looking at the non-urban audience in its considerations here.

**Mr. Chaston:** Sure.

**Senator McElman:** What you say is totally valid if we are looking only at the urban audiences.

**Mr. Chaston:** All I have said is transmitters *might* be replaced but certainly it would not be a threat to the broadcast industry if transmitters were replaced.

**Senator McElman:** And if you could provide the same audiences.

**Mr. Chaston:** Yes.

**The Chairman:** Are there any remaining questions that anyone has.

**Mr. Fortier:** I realize this is covered in the brief but, Mr. Boucher, could you tell us succinctly what the members of the Association have to say against the common carriers, or for them, for that matter.

**The Chairman:** This is dealt with at some length in the brief.

**Mr. Boucher:** That is a very broad area and we could speak for hours on that. I think the remarks we have made pretty well sum up what the general membership thinks and I think I should leave it at that.

**The Chairman:** Do you want to sum them up for the Committee?

**Mr. Boucher:** I have one supplementary answer and that is another limitation which arises when we are talking about the future. It is a very real illustration of one of the stumbling blocks. It is the fact of the huge investment that has been made by the Canadian public in television receivers which can only pick up 12 channels; and this is a huge investment in black and white sets and is today, what is restricting growth in colour TV sales.



**Mr. Fortier:** I was going to restrict my question and say: supposing the CRTC assumes jurisdiction over the common carriers and the rates which they charge CATV operators, would that go a long way towards meeting your criticism?

**Mr. Boucher:** You mean the CRTC?

**Mr. Fortier:** Yes.

**Mr. Boucher:** I think this would probably fall into a different category because DOC are conducting expensive telecommunications study which deals in the hardware. To answer the question properly we would have to separate our type of business which falls into two categories. One is hardware for broadcasting and the other one is software, the product that the programme produces.

In our case it is the variety to the antenna for the programme and the extension of the antenna. In that context the hardware will go to the DOC because they are doing research and regulations on that aspect now.

**Mr. Fortier:** The Department of Communications?

**Mr. Boucher:** Yes, the Department of Communications.

**The Chairman:** I have one last question: does the industry suffer from bad public relations?

**Mr. Boucher:** Mr. Chaston says they are never good enough.

**The Chairman:** Let me explain that this was not a question I intended to ask but in listening to your oral statement, a copy of which I have here, you say:

"...some press reports on these proposed guidelines have been based upon premature and, in our view, inaccurate conclusions formed by interpreting the CRTC's announcement in the worst possible light. The financial community has also reacted adversely."

And at page 2 you say: "... the CRTC has been persuaded that the Canadian broadcasting industry was in danger of extinction..."

Why have all these things happened?

**Mr. Boucher:** I think we have been sitting back doing our own thing and we have been amply busy keeping up with technical developments and we have been telling people right along that we had a service to offer but

I am afraid we didn't really tell the world what it was we were doing and we are only recently examining ourselves and now defining a role.

You are quite right. I think the public relations could be better. Of course, any public relations could be.

**The Chairman:** Mr. Chaston says they could always be better.

**Senator McElman:** On the matter of rates, Mr. Boucher, I understand that in some of the urban communities now, as new apartment buildings are constructed, they are wired for cable and it is part of the rental agreement that you pay for that service whether you use it or not. Are you familiar with this arrangement?

**Mr. Boucher:** Well, that sounds a bit familiar to a presentation made to the CRTC. To my knowledge I don't think this is general practice.

Could you comment on that?

**Mr. Chaston:** This would be out of our control. Some landlords, we understand, are doing that.

**Senator Prowse:** Right in Ottawa.

**Senator McElman:** You have no arrangement with any of these apartment organizations for such installations?

**Mr. Chaston:** Not to force it, no. If they want the installation we come to a contractual agreement with the landlord to provide the service on a bulk basis to him for provision to his tenants.

We obviously make such an arrangement but whether he charges for it and how much he charges for it, is a matter for his own concern. It is between him and his tenant.

**The Chairman:** Gentlemen, in expressing the appreciation of the Committee may I repeat what I said in my opening comments. Yours is a new industry, it is an exciting industry, it has great potential for its owners and its operators and hopefully for the people. This is why we have been particularly grateful to have you here. Thank you so much.

If you stay around for the next day or two and hear the discussions and have anything to add to your brief; or if you would like to make any comments on what you have said today, we would be grateful to receive it. Thank you very much.

May I say to the Senators that we will reconvene at 4.35 in eight minutes, to receive a brief from Maclean-Hunter Cable TV Limited. Thank you.

—Upon resuming at 4.35 p.m. April 22nd, 1970.

**The Chairman:** Honourable Senators, if I may call the session back to order. The other brief we are receiving this afternoon is from Maclean-Hunter Cable Television Limited.

Seated on my immediate right is the Chairman of the Board of Maclean-Hunter Cable Television Limited, Mr. Donald G. Campbell. Seated on Mr. Campbell's right is Mr. A. Ross MacGregor, the General Manager of Maclean-Hunter Cable Television Limited.

On my immediate left is Mr. Fred Metcalf who is the President of Maclean-Hunter Cable Television Limited and on his immediate left at the end of the table is Mr. Israel Switzer who is the Chief Engineer for Maclean-Hunter Cable Television Limited.

Mr. Campbell is also of course an Vice-President of Maclean-Hunter Limited and some Senators and others will recognize Mr. Campbell from his earlier visits to the Committee.

I think, Mr. Campbell, you are sufficiently familiar with our procedure that I don't need to outline that procedure beyond saying that perhaps now you could proceed now with your oral statement. Then following that oral statement, we would like to question you on your oral statement, on your written brief, and on some other matters which are of interest and concern to us. Thank you for coming back.

**Mr. Donald G. Campbell, Chairman of the Board, Maclean-Hunter Cable Television Limited:** Mr. Chairman and Senators, with your approval I thought that I would like to take about two minutes to tell you the relationship between the parent company Maclean-Hunter Limited and the Cable Company, Fred Metcalf will then speak for two to three minutes on the background of the industry; Ross MacGregor will deal with programming; and then Mr. Switzer will deal with the technical and research side of the business—just more or less to introduce ourselves—if that is all right with you.

**The Chairman:** Fine.

**Mr. Campbell:** One thing just before getting into this very brief presentation—Mr. Boucher was kind enough to indicate in his preliminary

remarks or during the session that there were some operators within the Cable Association that didn't necessarily agree with some of the comments in the presentation of the brief.

I think we would like to go on record as saying there are numerous things, particularly some of the philosophies, that we do not agree with.

Having said that I will now go into my remarks. The parent company of Maclean-Hunter Cable Television Limited is Maclean-Hunter Limited. Maclean-Hunter Limited entered broadcasting in 1960 in the field of radio and television but its first venture into cable was not until 1967. Our company policy is to stick to the communication field and cable is undoubtedly a communications medium.

The cable company financed its original growth and expansion through loans and grants from MH Limited.

As major acquisitions took place in such cities as Hamilton, London and Peterborough, it was financially necessary to take in a new partner and after much searching a Canadian chartered bank was selected.

However, when the required approvals came through from the CRTC, they were conditional upon the bank not being our partner.

At that stage it was essential that re-financing take place and the public company route was followed in early 1970. A public issue was placed and we now have 2,200 Canadian common shareholders, 1000 preferred shareholders and 1,200 debenture shareholders.

The issue was successful and held up quite well in spite of general market conditions until the recent cable guidelines announcement came out on April the 10th.

We feel very strongly that cable companies have a role to play in community broadcasting and eventually in regional and national broadcasting as well as providing improved signals, variety and educational channels.

We also feel, however, that if we are to carry out our responsibilities as we certainly must, and we look forward to them, then the investment community must have a confidence in the regulation of the industry.

We believe in the Canadian Broadcasting system and hopefully we will play a major part in its future development. I will now ask Mr. Metcalf to deal a little bit with some of the history of this industry.

**The Chairman:** Mr. Metcalf?



**Mr. Frederick T. Metcalf, President, Maclean-Hunter Cable Television Limited:** Mr. Chairman, Honourable Senators, our brief doesn't deal at any length with the history of our company and the beginning of cable television and because of that, I would like to quickly make four points.

Firstly, the weakest link in the broadcasting cycle has always been the antenna, the connection between the broadcast station and the television viewer's set. Because a real problem existed and still exists, cable television was born and has flourished.

When we started in Guelph in 1952 we brought television to the city. Few people had even seen it before we showed it to them, and we showed it to the at that time with only two stations available—CBLT Toronto which had just gone on the air and WBEN-TV Buffalo.

Secondly, some communities had peculiar problems which were solved by cable television. For instance in 1956, I was asked by a group of citizens of Huntsville to do a study of the feasibility of the cost of a cable system in the town. It was an urgent matter because for several months prior an enterprising young television set dealer had been receiving Channel 3, Barrie on a high hill south of town, and rebroadcasting it illegally and using this to sell television sets.

Suddenly the RCMP was at his door and the illegal repeater was shut down. To cut this story short we did the survey, a local group found it too expensive but the town council asked my company to proceed. Though we had considerable difficulty financing it, we eventually succeeded.

Thirdly, in all our northern systems we brought in the second Canadian service as soon as it was available and in every case this is still the only way they receive that service.

Fourthly, there is a much quoted myth that cable TV systems do not go broke. I suggest that they review history, as I know it, in my personal experience. I bought the system in Orillia because it was bankrupt. I bought the system in Midland because it was in deep trouble, financially and technically.

A few years ago when I was President of Rediffusion Incorporated we purchased the subscribers of the second system in Victoria-ville because it was going broke.

In the mid 1950's Famous Players of England established a system in Kitchener, Ontario and had several hundred subscribers. It finally went bankrupt and the P.U.C. had to

cut the cable down from the poles. These are from personal knowledge, four instances with which I was involved.

There are plenty of others across the country, I am sure. The point that is, in each of these instances, failure was due to a faulty service, poor reception. The people would not buy the service so it went broke. Cable television, whatever else it is or it may become, is primarily a reception service and it depends on reception for its economic base.

In 1966, though my companies were doing pretty well, it became obvious to me that the future of cable television lay in the direction of the larger companies. Indeed, this was pointed up by the fact that the American capital, which had come in in the form of Famous Players and CBS, had become the largest companies in the business.

I looked around and I joined Maclean-Hunter Limited, because it was 100 per cent Canadian company and because of their record over the years. I was going to become very closely associated with them and I wanted somebody I could live with.

I chose Maclean-Hunter, and I chose it because of the ability to finance the large expenditures which were going to be obviously needed to be with it, and where we could hire competent management and technical skills and to get the required equipment and so on.

I think now we will ask Mr. MacGregor to talk to us about the other areas.

**The Chairman:** Mr. MacGregor.

**Mr. A. Ross MacGregor, General Manager, Maclean-Hunter Cable Television Limited:** Mr. Chairman, and Honourable Senators. As has been pointed out several times earlier today, it was May 13th of last year that Pierre Juneau, the Chairman of the Canadian Radio and Television Commission, issued a public statement encouraging cable television systems to assist in the development of a community identity through locally produced programmes.

Such locally produced programmes, the Commissioner said, did complement rather than compete with programming already available to the community through television and commercial movie houses.

This new challenge was accepted by Maclean-Hunter Cable Television Limited and our first community programme was produced and shown to our subscribers in Ajax,



Ontario in June of 1969, less than 20 days after the CRTC announcement.

Since that time, we have established origination facilities in all of our 16 cable television systems. We have invested from \$250,000 in programme origination equipment and we have allocated \$200,000 as our programme operating budget for the current year.

Our total programming expenditures for this year will represent almost 10 per cent of our total projected revenue for the year. This budget will enable us to provide regularly scheduled programmes on all of our systems, while we are still in the process of building up our programme schedules. We produced, just as a matter of interest, 87 hours of programming in our systems last week and we expect that that figure will continue to increase.

The great majority of our programming, to date, has been designed to open a window in the community. Our facilities are available to all non-commercial groups within the communities to convey their message to their neighbours. We have produced programmes for such minority interest groups as the YMCA in Midland, the Art Gallery of Owen Sound, the Chamber of Commerce of Peterborough, the Boy Scouts Association in Guelph to name just a few.

We have also done extensive programming in foreign languages for minority ethnic population groups.

In Guelph for example, we have a regular daily Italian newscast because they have a substantial Italian population. We also have Dutch and German language community programmes operating in that system.

When we begin service in the Parkdale area of Toronto, which is presently under construction, as that area has a particularly high number of ethnic groups, we expect to programme individually to those groups as much as possible.

We are just in the process now, Mr. Chairman, of preparing our reply to your questionnaire of minority interest programming and I think you will find when you receive this, that we have already gone a long way in doing that.

We do believe however that cable television can perform an even greater public service by producing and distributing programmes of regional and national interest. To that end, we have formed a new company called Programmes Cable—Canada Limited/Limitée.

This company will produce programmes and programme series; it will commission the production of programme series by individual cable television systems and by other production houses; and it will provide distribution facilities to cable television systems across Canada.

We have invited two of the other major Canadian cable television companies to participate equally with us in the ownership and operation of this company.

We are confident that this trilevel approach to programme production and distribution, that is community programming, regional programming and national interest programming, will enable the Canadian television industry to make a significant contribution to the unity and the cultural strength of Canada.

We at Maclean-Hunter Cable Television Limited are prepared to offer active leadership towards that goal.

I would now like to ask Mr. Israel Switzer our chief engineer to comment briefly on the technical side of cable television operations.

**The Chairman:** Mr. Switzer.

**Mr. Israel Switzer, Chief Engineer, Maclean-Hunter Cable Television Limited:** Senator Davey, Honourable Senators. My personal experience in cable television goes back to 1954. That year I got together with some friends in Western Canada and started a cable television system on the Prairies and in 1955 we built the first cable television system on the Prairies at Prince Albert, Saskatchewan.

Subsequently we built cable systems in Estevan and Weyburn in Saskatchewan and in Medicine Hat and Lethbridge in Alberta. My own professional skills and experience developed over the years and I soon found that I had personally outgrown the smaller systems and the smaller opportunities of that time on the Canadian Prairies.

The regulations at that time did not permit the development of cable television in major prairie cities. I began to do cable television and engineering consulting work for larger systems in Eastern Canada and the United States. Maclean-Hunter's decision in 1967 to enter the cable television field gave me the opportunity to join a company, where a professional approach to cable television engineering was appreciated and desired, and was supposed to operate on a scale that would permit the full exercise and development of a

professional approach for cable television engineering problems.

Looking after the technical problems of Maclean-Hunter's 16 systems and nearly 100,000 subscribers requires local technical staff numbering almost 100 backed up by a head office technical staff of eight people.

In addition we employ four technical and university students on a technical internship basis. We have a total \$200,000 worth of test and maintenance equipment; and our Toronto head office lab is one of the best equipped of any cable television companies in North America.

The support of the company in terms of personnel and equipment has enabled us to train and maintain our own staff of cable TV technicians at every level. Our company has been responsible for some significant technical innovations and developments in the cable television field. These include the development of aerial photography techniques for the design and mapping of cable television systems, the use of field X-ray equipment for inspection of cables and fittings and detailed studies of the problem of hum in cable TV systems.

I have been personally active in technical training for cable television. The company has made it possible for me to give night school lectures in cable television technology at the George Brown College in Toronto and more recently to lecture in special cable television seminars at the Pennsylvania State University.

Our company is also making extensive use of our recently installed program production facilities to produce technical training video tapes for upgrading the skills and knowledge of our field technical staff.

The facilities, staff and opportunities of this kind can only be provided by cable television operations on a significantly large scale. Small individually operated cable TV systems cannot provide the resources to develop and practice the cable television technology which is demanded by the public today.

The technical side of cable television is often taken for granted by regulatory authorities. This company knows from experience that technical performance cannot so be taken for granted. It spends a significant part of its resources and time on the development and practice of the cable television engineering act.

**The Chairman:** Thank you very much.

**Mr. Campbell:** Mr. Chairman, that finishes our brief presentation.

**The Chairman:** Thank you, Mr. Campbell. It was a brief presentation but it covered I think quite a lot of ground and we are grateful to you for it. I think the questioning this afternoon will commence with Mr. Fortier.

**Mr. Fortier:** Mr. Campbell, you raised the issue of confidence from within the investment community.

**Mr. Campbell:** Yes, sir.

**Mr. Fortier:** Far be it from me to set myself up as an expert in investment counselling, but I think a point should be made. First of all the whole market is excessively weak at the moment, is it not?

**Mr. Campbell:** Yes.

**Mr. Fortier:** The second point which I offer in the form of a question is this. Standard Broadcasting is a company listed on the stock exchange. It is in the communications field, and at the moment as you know, it is one of the weakest spots on the market and yet it operates the Canadian Talent Library?

**Mr. Campbell:** Yes.

**Mr. Fortier:** Which should have enjoyed a boom as a result of the CRTC's proposals. So I suggest to you that your reference to the reaction within the investment community to the Maclean-Hunter issue following the CRTC announcement of April 10th, may have been a little bit over-emphasized.

**Mr. Campbell:** I don't believe so, Mr. Fortier, and I think Standard Broadcast with CFRB is a different situation. Canadian Talent Library is a non-profit operation so I don't see why investors would be...

**Mr. Fortier:** No, but CFRB and CJAD, which are the main stations in the Standard group, as they told us last week, will have no trouble at all meeting the minimum Canadian content requirements.

**Mr. Campbell:** I understand that is what they said but perhaps the investment community doesn't perhaps believe that this may be a problem. That is the only way I can interpret it.

**Mr. Fortier:** Well, can you tell us...

**Mr. Campbell:** I do know from talking to major investment houses associated with the broadcasting community, they are spending a



great deal of time in the broadcasting industry. They have analysts now who do nothing but, and we see a great deal of this. But first of all there is a natural reluctance for any investment in a regulated industry, but I think there is more so now, because of the uncertainty of the proposed regulations in our particular industry.

**Mr. Fortier:** Yes. I certainly cannot disagree with that statement that any regulated industry has a little bit more difficulty getting going on the street...

**Mr. Campbell:** Right.

**Mr. Fortier:** But I am sure that this is a problem that you were prepared to live with when you decided to go public with a cable company.

**Mr. Campbell:** I think I indicated in my presentation that we didn't have too much choice about going public. Not that we regret having gone public, but we had no alternative.

**Mr. Fortier:** Mr. Campbell, do any distinct and tangible advantages flow to the cable company due to the fact that Maclean-Hunter is involved so widely in the communications field—magazines, newspapers, radio and television?

**Mr. Campbell:** I think I might refer to Mr. Metcalf to give an unbiased answer on that question, Mr. Fortier.

**The Chairman:** Mr. Metcalf?

**Mr. Metcalf:** Well I can say very definitely that there certainly are some advantages, and one of them is that Don Campbell is chairman of the Board. I mean he is a pretty levelheaded guy and he is a Scotchman so he keeps a very close eye on the expenses.

**The Chairman:** Were you expecting that question, Mr. Campbell?

**Mr. Campbell:** No, I wasn't and I am an Irishman anyway!

**The Chairman:** Would you like to rephrase the question, Mr. Fortier?

**Senator Prowse:** You mean you are a Scotchman from Ireland?

**Mr. Campbell:** Yes, sir.

**Senator Prowse:** My mother would love you!

**Mr. Fortier:** Aside from the advantages of having Mr. Campbell—advantages which I am sure are numerous and justified—what other advantages would Maclean-Hunter Cable...

**Mr. Campbell:** Well, basically let me say this. We operate in a very basic way, so that it is only when they are asked that they supply assistance to us. But as we noted in our brief, we do from time to time ask for assistance and advice on such matters as sales and advertising programmes, art work, research, personnel recruiting, printing et cetera.

**Mr. Fortier:** Could you, given your extensive background in cable television, Mr. Metcalf, and given the choice which you made freely as you put it, going to bed with Maclean-Hunter, would you or do you suggest that any fledgling cable company, which has ambitions, should seek as a partner one who is already involved in the media?

**Mr. Metcalf:** Well, let me put it this way. When we started in cable television, you couldn't interest anyone in putting up a buck, believe me. For many years, it was the same way and this is how come people like Sruki Switzer and myself, in many instances, started companies and ended up on the small end of the ownership—because you had to get the money from some other person or company whom you could interest in it. Hence the very large position of Famous Players and CBS.

**Mr. Fortier:** Yes.

**Mr. Metcalf:** Now, in the last few years, the banks have begun to realize that brick and mortar are not the only things which make a going concern, and so it has become easier to get a certain amount of money. But to get the kind of money which I was looking for in order to build the kind of company which I felt we needed, which was going to be 100 per cent Canadian, I had to look for somebody and I had to look for somebody with foresight and someone who was interested. Maclean-Hunter was interested in the communications field; so they were the logical choice.

**Mr. Fortier:** Could it be also that the CATV industry has moved from an era where the technicians ruled supreme to one where the technicians and the broadcasters now work hand in hand?

**Mr. Metcalf:** Well, I could answer that I think by saying that Sruki Switzer and I have never seen eye to eye on this thing. We quite



often disagree on many things; and one of them is that Sruki has always said that the product isn't good enough and I said "It is selling, isn't it, then it is good enough."

**Mr. Fortier:** Yes.

**Mr. Metcalf:** But this constant battle doesn't do us any harm.

**Mr. Switzer:** We have arguments over the budget.

**Mr. Metcalf:** But we don't agree that the technicians rule supreme, at least I wouldn't think that Sruki would agree.

**Mr. Fortier:** But there used to be a time when he did you know as far back as 1952...

**Mr. Metcalf:** Well, I am a salesman, I am not a technician.

**Mr. Fortier:** Well, maybe Mr. Switzer would care to comment on it. You have done it and you were a technician as you have described yourself albeit an excellent one. Did you have any experience in broadcasting prior to...

**Mr. Switzer:** Well, prior to 1968, when the current broadcasting Act brought cable TV under the jurisdiction of the CRTC, cable television was concerned with a strictly technical function. It was an economic alternative to owing your own antenna.

**Mr. Fortier:** Right.

**Mr. Switzer:** And up to that time, it was considered that cable TV perhaps fulfilled the same position in the whole television industry as a manufacturer of television sets might or a manufacturer of roof top antennas; it was on a purely business and a technical basis.

**Mr. Fortier:** And, of course, since 1968 because of the Broadcasting Act, it has evolved; hence the association you have made with a group versed in communications generally and broadcasting in particular?

**Mr. Campbell:** I would like to answer that because we would be misleading you if we said yes. The fact of the matter was that it had been evident for many years that we could fulfill a role in community affairs but we didn't, and in many instances because we were afraid of stepping on the toes of the broadcasters and we felt that our area was as a passive reception alternative to the roof top aerial.

**Mr. Fortier:** But you were prepared prior to 1968, prior to the most recent CRTC guidelines or proposals, to originate programming from within your system?

**Mr. Campbell:** Well, we discussed it many times and decided against it.

**Mr. Fortier:** Because you feared the BBG?

**Mr. Campbell:** Well, because the way they were going to finance it, we could put advertising on and consequently we would obviously have been operating on a local level. With a local radio station there, we would be treading on the toes of the local broadcaster.

**Mr. Fortier:** Well, a question that comes to mind is who could have prevented you from doing it then?

**Mr. Campbell:** Well, we were doing quite well as we were, and we were afraid that we would create something that we would be quite happy not to have. So we just let sleeping dogs lie.

**The Chairman:** I have a supplementary question, Mr. Fortier, a very short one. I am just wondering what Mr. Switzer did in 1955 in Prince Albert. You sold cable to the citizens of Prince Albert as an alternative to an aerial, is that correct?

**Mr. Switzer:** We started in 1955 in Prince Albert before the local station was built.

**The Chairman:** Well, I was going to ask you that. What on earth did you do?

**Mr. Switzer:** Well, if you know the geography of Prince Albert, most of the city of Prince Albert is built in the valley of the North Saskatchewan River. Senator Prowse, you are familiar with Edmonton and it is exactly similar as though a city had been built on the river bottom...

**Senator Prowse:** Down at the bottom.

**Mr. Switzer:** Yes.

**The Chairman:** Well, I am familiar with Prince Albert as well, but I would like to know what you did?

**Mr. Switzer:** There was a television station in Saskatoon and Prince Albert really isn't all that far from Saskatoon, and reception on the top of the hill was quite good and all it took was a 60 foot tower on the top of the hill and everybody that lived on the top of the hill, on

the south hill in Prince Albert, got good reception.

We built a cable television system in the river valley and it is in the order of 100 to 125 feet in that valley, but is was enough particularly for a high band station like Saskatoon which operated on Channel 8 to throw a substantial shadow over that river valley.

We put up a 60 foot tower on the top of the hill and we ran a cable down into the valley, we built a cable network for the people who lived in the valley and we rented them the use of our antenna of the top of the hill.

**The Chairman:** How many subscribers did you have?

**Mr. Switzer:** This is going back—we left Prince Albert about '55 or '56, but I believe we had as many as 4,000 subscribers.

**The Chairman:** If you don't mind me asking, what did you charge them?

**Mr. Switzer:** We charged at that time I think \$4.50 a month for one channel service and one channel was typical for a cable TV system in those years.

**The Chairman:** One channel that wasn't on much of the time either I guess, was it?

**Mr. Switzer:** Well, in those years Channel 8 had a fairly comprehensive service, as I recall, but then when the local television station was built, the local radio station decided to go into the TV business. Incidentally that local radio was owned and is still owned by Ed Rawlinson, a partner with us in that cable TV system. When they built the local television station, they sold their interest in it, but that is another example which can be added to Mr. Metcalf's, examples of cable TV systems which substantially went broke. That cable TV system went rapidly downhill within months of the opening of the television station.

**The Chairman:** Rapidly downhill with no pun intended!

**Mr. Switzer:** And that system is essentially more abundant today.

**Mr. Campbell:** Senator Davey, may I add to the answer by Fred Metcalf?

**The Chairman:** Yes.

**Mr. Campbell:** I would like to tell Mr. Fortier that we joined forces, Fred Metcalf and Maclean-Hunter, in 1967 and the Broadcast-

ing Act of course didn't come into being until 1968—I think that is very important.

**Mr. Fortier:** I don't think I should direct this question to Mr. Campbell because we have already heard his answer but I will try it on Mr. Metcalf. Are you concerned about the crossmedia ownership which now finds itself under the wings of the Maclean-Hunter group of companies?

**Mr. Metcalf:** Not at all, no. I think that the interest of Maclean-Hunter Limited and the interest of Maclean-Hunter Cable Television Limited are sufficiently widespread that there is no problem involved in too much control of media in any given community, let's say. I don't see any problem there at all.

**Mr. Fortier:** Your brief makes clear that Maclean-Hunter is still expanding the cable...

**Mr. Campbell:** Hopefully.

**Mr. Fortier:** What are you aiming at ultimately, Mr. Campbell?

**Mr. Campbell:** Well, it has been announced that we have an application in for a system currently owned by Famous Players, which we have acquired subject to the approval of the CRTC in Hamilton. The reason we are doing that is that we already have a small system in Hamilton. This one is adjacent to it and we could put two ends into one, provide a superior service, do a reasonable programming job, whereas with 6,000 subscribers there, we don't feel we really can. You would have to either get in or get out. But that is one area which we are trying to develop.

We are talking about some other systems in the Province of Quebec which we have not concluded any agreements on, and we have an application in for Burlington on the record. We haven't plotted really as to where we feel we should stop. We certainly haven't come to that crossroad yet.

**Mr. Fortier:** Are you aiming at a national network?

**Mr. Campbell:** No, I don't think so. But I think we would like to be part of a national network and that of course if the idea of Programmes Cable-Canada Limited, where we, along with some associates would be providing the kind of service that would be acceptable across the country.



**The Chairman:** I was going to ask you who your associates are. If that is not something you don't wish to announce...

**Mr. Campbell:** Well, we haven't entered into any formal agreement. We have just has preliminary discussions and had their preliminary consent that they are interested in such a company.

**The Chairman:** Mr. Fortier?

**Mr. Fortier:** Now that the CRTC's recent announcement has opened the door to the creation of a cable network, do you foresee that it will become a reality in the near future?

**Mr. Campbell:** Not in the near future, but I do in the future, definitely. I think we will start off probably as television started off. We will start to bicycle, and once we have sufficient customers on the system that you can afford to do more than bicycle, we will get into microwave, perhaps or something of that order.

**Mr. Fortier:** You spoke of the philosophy of the Canadian Cable Television Association—some of its philosophies which you could not accept. One of the ones—I don't have the reference here in the brief—but it is where they say the existing television stations, as we know them today, will throw in the towel in the near future and just feed their programs into the cable network. Is this one of the philosophies with which you do not agree with?

**Mr. Campbell:** That is true. We do not agree with that one and will not agree with it for many years to come. We still have 25 per cent of the population in Canada living in rural districts. I don't know how you are going to get cable out to them for many, many years to come; but they must be serviced and therefore the broadcasters are going to fulfill this role.

**Mr. Fortier:** I suppose that some people said the same thing about electricity and the telephone not so long ago.

**Mr. Campbell:** Well, we don't say that it won't ever happen. But you did ask us specifically, and I think the question was, could it happen in five years? Well, I certainly don't think it will and I don't think really any of us see it happening in the next 10 years. There are so many other ramifications tied up in the broadcasting system that we

have today that I just can't see that happening. I can't make it any more definite than that. I just don't believe that this is going to happen.

**The Chairman:** Mr. MacGregor?

**Mr. MacGregor:** I was just going to add that I think it will lead to a great deal more co-operation between broadcasters and cable operators. I think we will find ways where we can serve a margin by getting together and making a joint presentation.

**Mr. Fortier:** I would be very interested in hearing you expand further on this co-operation between the broadcasters of today and the cable operators of tomorrow.

**Mr. MacGregor:** Yes, sir.

**The Chairman:** Yes, you go ahead and we will come back to Senator Prowse.

**Mr. MacGregor:** In the past few years we have noticed a marked change in the attitude of broadcasters towards cable operators. Now the broadcasters have accepted cable as another medium. I think that with that trend toward more co-operation, we will be able to approach service situations in which we may be able to co-operate with the broadcasters perhaps in the extension of second service in certain areas. In other areas, where they just may be able to provide a rural distribution of the second service, we could contribute to the cost of getting the service to the community.

I think there are many areas where we could co-operate with the broadcasters and I think this is quite evident from the fact that large numbers of broadcasters have already taken positions in the cable industry.

**Mr. Fortier:** Yes.

**The Chairman:** Is there co-operation now between conventional broadcasters controlled by Maclean-Hunter and cable operators controlled by Maclean-Hunter?

**Mr. MacGregor:** Not specifically.

**Mr. Campbell:** I might just point out, Senator, that the television company in Calgary, which we own, is part of an application for Calgary cable along with the other television broadcasting outlets. In other words, Channel 2 and Channel 4 have gotten together and put in an application whereby we would each own 23 per cent of the stock. Hopefully we will finance the rest through a public issue.



Again I come back to the understanding of the market by the investment community.

**The Chairman:** How about with your radio stations? I am thinking of announcers for example.

**Mr. Campbell:** Well, we are not in any of the markets there...

**The Chairman:** There are no comparable markets?

**Mr. Campbell:** Well, there is no city or town in which we have a radio station and which there is a cable system, among Maclean-Hunter's associated...

**The Chairman:** I was thinking of...

**Mr. MacGregor:** Other than Toronto.

**The Chairman:** Well, I wasn't thinking of Toronto but that is a good example. I was thinking of Orillia.

**Mr. Campbell:** Well, we really have nothing to do with the Orillia situation.

**The Chairman:** Well, you own half its cable and radio?

**Mr. Campbell:** It is a pure investment in the radio which we are attempting to divest ourselves of or dispose of.

**Mr. Switzer:** Senator, there is a kind of technical field in which Cable TV in general, and the broadcast industry in general will cooperate to the general public benefit and that is in the field of UHF Broadcasting. UHF had traditionally been looked on by broadcasters as a kind of second-rate broadcasting service. It has never been considered that the use of UHF channels were attractive to broadcasters. But where cable television has got any kind of reasonable saturation or coverage—as far as the subscriber is concerned it is all the same to him whether he gets UHF or VHF—in many situations the presence of a healthy cable system is going to make the use of UHF television channel economically viable; whereas if there were not cable, it would probably delay considerably the use of UHF spectrum in Canada.

**Mr. Fortier:** Which may be used to reach the rural communities whereof you spoke?

**Mr. Switzer:** The presence of a cable system in a dense urban area makes the use of the UHF channel economically practical and the side benefit is that you are covered to rural areas.

**Senator Prowse:** I have a supplementary question, Mr. Chairman.

**The Chairman:** There is one supplementary question from Senator Prowse and is yours a supplementary question, Senator Bourque, or is it a new question?

**Senator Bourque:** It is a new subject.

**The Chairman:** Well, then, Senator Prowse.

**Senator Prowse:** Mr. Switzer, I know the UHF comes after Channel 13 on the dial. When you are down in the States, you have to play around with the dial—would you mind explaining to me what the difference is between UHF and VHF?

**Mr. Switzer:** It is comparable, Senator, to the difference between standard broadcast waves and short waves.

The UHF channels have a higher frequency and much shorter wave lengths. They, in a technical nature, behave much similar to microwaves—they don't propagate as far, they don't go past the horizon nearly as easily. The main difference really is not a shortcoming in the waves themselves because they are not so drastically different from the VHF.

I would take the personal technical view that the principal disability in the use of UHF is not really the fault of the UHF waves themselves but the shortcomings in the ordinary home receiver.

All of the receivers sold in Canada up until about a year ago had no facilities to receive them without a converter.

**Senator Prowse:** Yes.

**Mr. Switzer:** Where a receiver is provided that has a good quality UHF facility in it, which both works well technically and is very easy to use, the FCC in the United States in their tests—large scale tests in New York City—showed fairly conclusively that UHF television stations can achieve satisfactory coverage.

In a strictly technical sense it is a minor shortcoming but the major shortcoming is in the television set in the home.

**Senator Prowse:** Let me put it in a way that maybe we could all understand. Do you have to have a little bit more direct reception to get UHF than the other?

**Mr. Switzer:** Well, I am trying to recall the details of this FFC report which has been

fairly generally circulated. Where large amounts of power are available rabbit ears will work.

For example, I have seen rabbit ear reception in Windsor on UHF television receivers from UHF stations in Detroit. Generally speaking, however, taking receivers as a whole, I believe that UHF receivers require a little better antenna than does a VHF one. But the main shortcoming is that the receivers were just not built for UHF capability and the UHF capability that has been provided has been done only in a halfhearted way to meet the requirements of both the U.S. and Canadian laws. As you have said, it is an extremely difficult tuner to use. It is not well understood; it is an inconvenient thing to use.

**Senator Smith:** You almost get the feeling you are lucky when you get the station?

**Mr. Switzer:** And you really don't know what station you have tuned to.

**Senator Prowse:** No.

**Mr. Switzer:** I should point out in elaborating the role of cable television, for example, on cable T.V. systems in Southern Ontario, we receive UHF Channel 17 from Buffalo. That appears on the receivers of our cable subscribers as a VHF Channel Station. For example, in Toronto, that is Channel 10. Our subscribers in Toronto when they wish to tune to Channel 17, which is the UHF Channel, tune to Channel 10. They don't have to fool around or anything like that.

**Senator Prowse:** Just go to Channel 10 and that's it.

**Mr. Switzer:** And there it is.

**Senator Prowse:** They receive the station you have picked up for them?

**Mr. Switzer:** Yes.

**Senator Prowse:** On the services that you provide now, how many channels are you providing?

**Mr. Switzer:** Well, even in Toronto...

**Senator Prowse:** Even if the sets had the capability. Let me put it this way. Suppose our sets had an unlimited capacity. How many channels can you carry for programs you can carry at the same time?

**Mr. Switzer:** Generally speaking, 12. This is in practice reduced, in Toronto for example,

to 10 because of the technical problems of their being two high powered television stations on the air in Toronto which cuts us back from 12 to 10.

We don't find it technically feasible to distribute at UHF frequencies—we have to convert them. We feel restrained at the present time from using channels which are not normally assigned to television service. This is for fear of either causing interference to other radio services or being interfered with by other radio services. We feel, at this moment, constrained to the use of the 12 normal UHF channels and due to local circumstances this is sometimes reduced to 10.

In Montreal for example, where there are four powerful transmitters its number is reduced even further.

**Senator Prowse:** In other words, the situation is that your limitation at the moment is created by the receiving sets in Canada?

**Mr. Switzer:** Yes.

**Senator Prowse:** Which has what...

**Mr. Switzer:** 12 channels.

**Senator Prowse:** And then out of those you have to deduct those channels where, even with the rabbit ears taken off, you could still have a shadow coming in from another station?

**Mr. Switzer:** A direct pickup from the local powerful transmitter.

**Senator Prowse:** So that it cuts you down to about 10?

**Mr. Switzer:** Yes.

**Senator Prowse:** We have had information put in front of us, I think chiefly through our researchers, that you can run up to eventually 1,000 channels or thereabouts. With the cable you have today, suppose we had sets that had the capability of picking up a great many more channels than they have now. Let's leave it in a general way like that. What would be involved in providing let's say a 40 channel capacity instead of the eight channel capacity?

**Mr. Switzer:** A principle consideration, Senator, is the electronic equipment and what we call the passive things—the dividers that take one line and branch into two. In practical terms the only part of our plant that we could reuse is probably the cable itself—the



main line cable. We would have to replace all the electronic equipment.

We would have to replace what we call our passes, we would have to replace the devices which tap our lines to go into the homes and we would probably have to replace all of the service drops themselves. (the service drops being the piece of small cable from the pole to the house to the TV set). The only part we would salvage so to speak are the major cables themselves.

**Senator Prowse:** Those major cables themselves have a practically unlimited capability?

**Mr. Switzer:** Well, may I just say...

**The Chairman:** Before you answer, may I ask a supplementary question which I think is almost the same question.

When you were fiddling around if I can use that verb in Prince Albert—that was 15 years ago...

**Mr. Switzer:** And we were fiddling around.

**The Chairman:** Where is it going to be at 15 years from now?

**Senator Prowse:** Well, you are running away ahead of us now.

**The Chairman:** Well, I am running away ahead of you mainly on account of time.

**Mr. Switzer:** I am the person in this organization who actually has to go and do these things that other people dream of and speculate on.

**The Chairman:** Well, tell us about it.

**Mr. Switzer:** I am a pessimist in this, sir, in practical terms. The industry which we are in is basically consumer oriented and consumer oriented electronics lags far behind the electronic field in general.

Electronics can get men to the moon and back but that doesn't mean that we are all going to journey to the moon within the next 10 or 15 years.

Electronics can do all kinds of wonderful communications things. All of the techniques of instant information retrieval, of instant access to the computers, to libraries back and forth—all of these electronic communications marvels, which probably have been described to your committee by various witnesses, are all technically feasible but they are all not technically economic for the public at large.

The house I live in today in 1970 and the way that I live as a person, as a Canadian, as a North American, is not really drastically different from the house that I had in 1960 and my life style in 1960, despite the fact that in that decade men did go to the moon and come back substantially on electronic technology.

Coloured television was available in 1960—there really isn't anything in my life style in 1970 which is, technically, substantially different from my life style in 1960. And I have no great reason to expect my practical life style in 1980—if you will permit me to restrict it to 10 years because I am kind of shortsighted as a pragmatic engineer—will be substantially different due to electronic technology than it is now.

I will tell you the things that I do expect in a practical way, sir, in the next 10 years and that is the substantial introduction of home video tape equipment of some kind. I believe that things like the CBS EVR system and the comparable NBC system, the Sony tape cassette system—that is what I might call the television equivalent of the long play records—will be the significant factor in private homes.

I think that one of the things is that the major electronic manufacturers feel that they have possibly saturated the national and international market for t.v. sets. The next thing that the RCA's and the CBS's and the General Electric's will turn their attention to—and the major Japanese manufacturers will be a significant factor...

**Senator Prowse:** Don't forget them.

**Mr. Switzer:** Well, they buy wheat and coal!

**Senator Prowse:** That's right.

**The Chairman:** You are at the wrong committee!

**Mr. Switzer:** That these economic forces will turn their attention to the technical development in the intensive marketing of home video tape systems. I believe that, sir, to be inevitable. It has been amply demonstrated, just in the last few months, in all the trade shows and the likes. These things have been demonstrated and there are firm marketing plans for them. So I believe the homes of 1970 will have easy access to video taping equipment to tape things off the air.

The other people in our company have said—Mr. Campbell and Mr. Metcalf—that



we don't believe we will see the disappearance of the broadcast transmitter in this decade; but I do believe we will see the enlargement of cable TV service as a substantial aid to the coverage of television stations and particularly in the development of UHF broadcasting.

I do not see the large scale implementations of many of the technical developments of which cable TV is possible, things like 20 channel systems and switch systems which use cable for access to computers.

I could have a computer terminal in my home right now. I could just call up General Electric—they have a time-sharing among other users there—the Bell has a line into my house and I could run a computer right from my house from my telephone line right now. But I don't feel the need for a computer in my home, I frankly don't, and I think the marketability of many of these services has been drastically over-rated. There is availability of service, but this doesn't mean that we will see these things generally in the Canadian homes in the next decade.

One of the problems, sir, is the limitation of the home receiver. The cable TV industry acts, for the time being, as a medium between the broadcast transmitter and the home receiver.

In fulfilling our role as broadcaster, as originator of programmes, we fill a similar role. Our cable system, the technical part of it, provides a link between our own broadcasting system and the home receiver.

As long as we are stuck with the home receiver with a 12 channel capability, with very many of them in great state of disrepair—this is something over which we have no control—we are not going to be able to provide many of the extra services that we want to provide.

Also there is an even more serious problem which is a uniformity of approach to these extra services. Mr. Chaston has told the Committee that the system with which he is associated in Montreal has changed their equipment five times in 18 years and that is extremely expensive.

Now, I have been asked by the Board of Directors of this company, now that it looks like we are going to have to go 20 channel, how am I going to do it and how much is it going to cost exactly. Truthfully, I have dodged that responsibility because I have given you an idea in the back of the brief the size of Maclean-Hunter Cable Television

Limited; it has assets in the order of \$17 million; it is a sizable cable television operation, but it is still not big enough—I do not have the technical resources; I don't have the personal know-how and if you will permit an immodesty, sir, I am one of the leading cable TV engineers on the continent.

**Mr. Metcalf:** It sounds like a budget speech!

**Mr. Switzer:** There is nobody in the cable TV industry, I believe, in a position to make a decision on how to go 20 channels. If I make a wrong technical decision I could break the company or we could saddle one of our communities with a less than optimum system—we might decide, for example, in Guelph, to put in a 20 channel system and although we tried our best to make the right decision next year at the next technical show somebody could come up with a better 20 channel system. This happens every year. We would then have saddled the people of Guelph with a less than optimum system.

**The Chairman:** How are you going to solve the problem?

**Mr. Switzer:** If we were the Bell Telephone Company—Bell can afford to make a decision, they made a decision on picture phone and they said this is the type of picture phone, this is the machine and this is how it works. They have set picture phone standards for the whole telephone industry and for the whole world because the Bell is an organization of such a size and prestige that they can do that.

**The Chairman:** They have even more money than Maclean-Hunter?

**Mr. Switzer:** Even more money than Maclean-Hunter. At least twice as much money. The Bell can afford to make these decisions and if they put in an experimental system (and they often do) and it doesn't work, they swallow it. They eat it and it is a minor financial pimple on a...

**Senator Prowse:** As a matter of fact what they do is come back and ask for a raise in rates, don't they?

**Mr. Switzer:** We can experiment, sir, but we are asking that either an all industry committee or the government or someone takes a very close look at how cable TV will make this jump from the present 12 channel system to the cable system of the future. Otherwise, there is going to be some serious and expensive mistakes made.

**Mr. Fortier:** Do you think that this committee should recommend some standards?

**Mr. Switzer:** With due respect, sir, it is not a technical committee and the problem is a technical one.

**Mr. Fortier:** We have access to technical advisers.

**Mr. Switzer:** Well, I believe the Committee might recognize the problem and perhaps recommend that it be studied.

**The Chairman:** How could you, Mr. Switzer, summarize the problem?

**Mr. Switzer:** I would summarize it this way, sir. The cable television industry or the companies in it are not big enough. The piece that I read at the beginning was a personal plea for a larger scale operation in cable television. I have been a personal entrepreneur in cable television. Mr. Metcalf got started a few years ahead of myself and Ross MacGregor got into the field a few years later. I have been through the small company route and because of my personal concern with the technical problems of cable TV, (and they are still with us) I have gone through the route of associating myself with as large and friendly a corporation as I could and I feel we still have some shortcomings of scale that way.

There are many technical problems in cable TV that can only be solved by further increases in scale.

**Senator Prowse:** The thing I have been concerned about—I have been listening to the presentation that was made by the Association this afternoon in this room and particularly as to this question of when you start to be faced with the responsibility for originating programmes, even within the limitation of the channels that will be available, it is going to cost you money, even if you keep them completely local. I believe Mr. Boucher said this afternoon that you act as a mirror of the community. Where does this money come from to pay for those programmes?

**Mr. Metcalf:** Well at the moment by direction from the CRTC, it comes out of the revenue which we have to operate the system.

**Senator Prowse:** In other words they have apparently assumed, and I don't ask you to comment on whether their assumption is correct or not, that you have some extra money that you could be using in that area? Is that correct?

**Mr. Metcalf:** I think they have, if you take a look at it, on the basis of the fact that the CRTC has asked cable operators to start community programming.

**Senator Prowse:** Yes.

**Mr. Metcalf:** And I think it would be safe to say, that when they announced this decision last May at least most of the larger operators felt that this was not unreasonable. It cleared away this concern that I told you we had discussed many years ago, and each time thought—well, we could do something in this area but perhaps we had better leave well enough alone.

However, the CRTC made it clear that they would welcome this. They didn't say at that time "You must" but they indicated that they were going to be quite sympathetic to those people who had done so when their licence renewals come up for renewal a couple of years from now.

**Senator Prowse:** They put the camel's nose into the tent!

**Mr. Metcalf:** Yes, I would say that they did this. I don't think there is any doubt in most of the minds of the other cable operators that there is an area here which cable can still do things because of the basic difference between cable television and ordinary broadcast television. We can cater to the minority not at the expense of the majority but along with it. It is a very nice arrangement to have.

Now, we as cable operators are delighted to be cable operators and to have this challenge but we think and this has been discussed with the CRTC. We think that in the fullness of time, it won't be possible to do all the things that they want us to do and indeed that we want to do to take care of all these people.

It will not be possible to do it with our current revenue and we will have three courses.

One, will be to add news services; two, will be to add advertising; and three, to raise the rate to the homeowner. But the third one is wrought with danger because, how much will the homeowner pay? And do the majority really want that minority programming? There is a real question there.

**Senator Prowse:** The point I am getting at is this. It seems to me, that when the direction came down asking you to do original programming, they pushed you first into the area. Then if your original programming gets an audience, you are going to have people



clamouring for a chance to use that audience—you are going to have offers of advertising revenue.

**Mr. Campbell:** We already have had offers and we have communicated this to the CRTC. And let me say this, Senator, that the CRTC have not said they are not sympathetic. They are studying it, to the best of my knowledge; I had hoped when they handed out these guidelines the other day that one of the things that they would cover would be the local radio station and the local cable system. The local radio station, who has the sales capability and a programming capability and a billing capability, might indeed sell a programme on the cable along with a certain program on the radio station and this is not farfetched.

I am a local broadcaster in radio, I have been for over 20 years, and this is something that I have talked to the CRTC about and we have had other radio operators talking to us where we have these systems in the community.

**Senator Prowse:** Now, there is one other thing. The question comes that if all of the distributions were to be made by cable at the present time we are going to leave 20 per cent—I believe this is Senator McElman's figure—the rural people; they aren't going to be on cable for awhile.

**Mr. Campbell:** We don't think that is going to happen.

**Senator Prowse:** Well, this was the question that I had in mind. Supposing you became the originator or suppose you became the actual broadcaster. In the broadcasting station—can you tell me this, what actually is the cost of a transmitter? My guess is that one of the smaller costs in broadcasting is the actual operation of the transmitter. It is the matter of the programming and all of the things that are associated with the station that are costly. I think this would be useful to know; it certainly would be to me and I believe to everybody else.

**Mr. Campbell:** The programming and the people, Senator, take up about 80 per cent of the total operating costs. There is no question about that.

**Senator Prowse:** So that if you start to initiate programmes and distribute them by cables in the urban centres, there would be no great expense involved in providing a

transmitter to shoot the thing out to the people that didn't have the cable?

**Mr. Campbell:** Just a straight repeater. Broadcasters are doing that every day with their repeater channels out from the mother stations.

**Senator Prowse:** It wouldn't be very expensive, so that we don't need to worry about the growth of cable depriving our rural population of television.

**Mr. Campbell:** I don't think that follows from your statement.

**Senator Prowse:** No, but what I was trying to get at is this. We are getting our programmes presently now from the broadcasting stations, who have production and all other kinds of costs. They say, now, we have to watch cable because if cable comes in and becomes in effect a competitor to the broadcast station, then there is going to be no broadcasting station to send the signal out to the poor people who live in the country.

**Mr. MacGregor:** We don't look upon ourselves, Senators, as competitors to the broadcasting system as we know it today. We are to compliment them. When we talk about programmes—I have had half a dozen people come in to me and say "Let us produce 10 hours of programming for you for half a million dollars". Well, we are not talking about that sort of thing at all.

We are talking in many instances of giving the cameras and the equipment to the people and letting them put on their own show so long as you know it is in good taste. Let them talk to each other. We are not out after mass audiences. So, therefore, I think we definitely do complement each other.

I don't see this is a problem as long as it is done under certain guidelines.

**The Chairman:** Senator Bourque?

**Senator Bourque:** I have read this brief very, very carefully and there is no question that Maclean-Hunter Cable T.V. Limited ND Maclean-Hunter Limited are very closely associated and if it hadn't been a joint venture, it wouldn't have been possible to have an issue of \$13 million on the market. It would have been very difficult to launch the company, as you said before.

Now, I have no doubt that it is a good company but I have been puzzled at things in



the brief. My first question is on page 5 under "Relations with Parent Company".

"Relations with Maclean-Hunter Limited are excellent. The officers and highly specialized staff of the parent company are always available to the Cable TV company for assistance and advice on such matters as sales and advertising programs, art work, research, personnel recruiting, printing, etc."

So they are very, very closely associated and they need one another's services in order to get the job done.

Now, on page 16 you say:

"We believe that the normal forces of the marketplace should determine which services should be provided by the telephone system and which by the Cable TV operator. Unnatural restriction of this element of competition should not be permitted."

It is our belief that the needs of Canadians will best be served if two independent communications services to the home are permitted to develop. Certain services can best be provided by the switched communications system of the telephone companies which permits the direct two-way exchange of information between any two points on the system. Other services can best be provided by the broadband distribution system provided by Cable TV. We do not feel that telephone companies should operate both systems."

Now, what is the difference between Maclean-Hunter operating many systems and the Bell Telephone operating two systems. Why should you people object to the Bell Telephone system having two systems and you people do the same thing.

**Mr. Campbell:** I am going to let Mr. Metcalf answer that one.

**The Chairman:** Mr. Metcalf?

**Mr. Metcalf:** When you say systems, Senator, I don't quite understand what you mean. The Bell Telephone—when we are talking of two systems we are talking of a system as a pretty basic term here.

**Senator Bourque:** Well, they operate cables too, don't they?

**Senator Prowse:** When you are talking of systems you mean a form of communications I think.

**Senator Bourque:** You see, I really don't know just what you mean—that is why I am asking you now. You say: "We do not feel that telephone companies should operate both systems."

**Mr. Metcalf:** Well, what we are talking about here is in the general terminology. Telephone companies go into the home with a communication system and it is pretty widespread to most Canadian homes. Cable is becoming a second service fairly widespread and eventually, hopefully into most Canadian homes.

Cable can do some things which the current telephone system can't do. The telephone system can do some things that the cable system currently cannot do. You can call out from the home but the cable television system only puts in, but the cable we have is capable of carrying something like 600 times as much as the telephone lines, 600 times as much information. There is a study going on at the moment under the DOC—Mr. Switzer is a representative on it—and it is studying the implication of a single wire going into the home as opposed to the dual wires, or one cable and one wire. We are saying that we think it is more in the public interest that the telephone company continue as a telephone company and we continue as a cable company and that we compete for whatever service we can both do best. We shouldn't be restricted by regulations from competing with that telephone wire in your home with our cable, and conversely, they should be able to compete using their telephone wire with our cable.

That is what we are really saying in those paragraphs.

**The Chairman:** Mr. Campbell, I am aware that you have to catch an airplane, and I have a taxi waiting for me in a few minutes, so we will adjourn very quickly. But I have a couple of questions which are very quick and to the point.

Referring to the CRTC guidelines on cable you said and I quote "It is a disaster for the cable companies," and yet Ted Rogers who is one of your associates in the Toronto area and one of your competitors, I suppose, in the Toronto area says and I quote "The birth of a new era of opportunity for cable companies". Are you both right?

**Mr. Campbell:** May I indicate first of all that the gentleman that wrote that article never spoke to me at all. He was using a quote from a misquote and I have spoken to him about it.

**The Chairman:** Well, when you say it is a quote from a misquote, I have that misquote in several other articles.

**Mr. Campbell:** Well, it was just picked up right across the board. I talked to the *Toronto Star* the day that the regulations came out and I said first of all that these are proposed regulations. Secondly, they are subject to a great deal of interpretation and I don't know whether I am interpreting them right or not, but if you took the blackest point of view and my interpretation could be correct, then this could be possibly a disaster for the cable companies.

Now, all the preamble got left out and it just said that "it would be a disaster". Another story was written around it completely differently...

**The Chairman:** Well, that is a good explanation.

**Mr. Campbell:** As to Ted Rogers, I think he was hit, possibly by a phone call at home, and my understanding is that he may have some second feelings on that.

**The Chairman:** Well, he is here tomorrow morning so I am sure we will find out what his feelings are.

**Mr. Campbell:** Good.

**The Chairman:** At page 11 in the brief you say:

"The preservation of the Canadian identity must remain paramount. We must ensure however that our zeal to maintain the Canadian identity does not lead us into an atmosphere of isolationism."

What do you mean by that?

**Mr. Campbell:** Here we are getting at the idea that now, many people have access from rooftop antennas to American signals. We think it would be a mistake not only because of our company but also because of many people in the country if, in fact, all signals were blanked out coming across from the United States.

We don't think this is the right approach to take.

**Mr. Fortier:** Why should some signals be blanked out?

**Mr. MacGregor:** Why should any be blanked out? Why not just add more?

**Mr. Fortier:** Again, it is a matter of interpretation because again, the service is available and the signals are available on either the CBC or the CTV network.

**Mr. Campbell:** What we would like to do, Mr. Fortier, is not lop off any U.S. but perhaps not bring any more U.S. in. Also we should start building up the Canadian channels. You know, our own local broadcasting will have more UHF and as of September first, we will be the means of distributing the Ontario Educational System basically in Southern Ontario. The cable companies will be.

**The Chairman:** You have anticipated my next question but perhaps I will put it anyway and you can comment on it. When Maclean-Hunter was before the Committee, we heard a great deal about the company's desire to foster a spirit of Canadian identity. Indeed, *Maclean's Magazine* specifically if you recall,—I am not sure whether you were here that day or not but I am sure you were when we asked Peter Gzowski—said magazines were becoming more and more specialized. We said "What is *Maclean's* area of specialization?" He said, "Senator, Canadianism", and I know you share that viewpoint.

**Mr. Campbell:** Very much.

**The Chairman:** I know you do. This will be my final question, but how can the cable industry in Canada be expanded in such a way as to be consistent with those pro-Canadian objectives?

**Mr. Campbell:** Well I think it can be and I think the educational field is one in which we are ideally equipped to carry out that process and provide assistance for the educational authorities. Also I think by community programming. This is something that cable companies can do and no broadcasters can really do. There are many, many areas in which we can build up the so-called Canadian identity or whatever you want to call it. But it really is the people in the community having access to some broadcast facilities to say what they think. I think this is important.

**The Chairman:** Well, there are a lot of other questions and I am sorry the time has run out on us.

As I said at the outset of the session this afternoon, cable is a new and powerful medium. Its early days were confused and confusing and I think usually there was more heat than light. But obviously any study of the full media spectrum has to include a study of cable and really before you can study cable, this Committee at least, before we can really understand what cable's position is in the full media picture, we have to understand what cable's position is all by itself. I think we are all trying to learn and we are grateful to you for helping particularly in bringing such a knowledgeable group of people.

I am only sorry, gentlemen, that as members of the Committee we do not have more time.

For the benefit of the Senators may I outline the schedule for the balance of the week.

There is one change. Tomorrow morning at 10 o'clock, Rogers Broadcasting Limited will be here; at 11.30 tomorrow morning, Jarman Cable Systems Limited. Then please note that the first session in the afternoon has been cancelled. We have received a written brief and unfortunately it is impossible for the people to be here tomorrow.

At four o'clock we have a brief from ACTRA, the Association of Canadian and Television and Radio Artists.

We have attempted to move the ACTRA brief up to 2.30, but it was impossible because they had airplane commitments and so on.

Friday morning we have a session at 10 o'clock with the Honourable Gérard Pelletier.

Thank you very much; the meeting is adjourned.





Government  
Publications



Second Session—Twenty-eighth Parliament  
1969-70

# THE SENATE OF CANADA

## PROCEEDINGS OF THE SPECIAL SENATE COMMITTEE ON

# MASS MEDIA

The Honourable KEITH DAVEY, *Chairman*

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No. 42

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THURSDAY, APRIL 23, 1970

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### WITNESSES:

*Rogers Broadcasting Limited:* Mr. Edward S. Rogers, President, Rogers Cable T.V. Limited; Mr. John W. Graham, Q.C., Chairman of the Board, Rogers Broadcasting Limited; Mr. Vaughn Bjerre, Vice-President and Manager, Rogers Broadcasting Limited; Mr. Philip B. Lind, Director of Public Affairs, Rogers Cable T.V. Limited.

*Jarmain Cable Systems Limited:* Mr. W. Edwin Jarmain, President; Mr. Edwin R. Jarmain, Chairman of the Board.

*Association of Canadian Television and Radio Artists (ACTRA):* Mr. Victor Knight, National President; Mr. Jack Gray, Director; Mr. Paul Siren, General Secretary.

MEMBERS OF THE  
SPECIAL SENATE COMMITTEE ON MASS MEDIA

The Honourable Keith Davey, *Chairman*

The Honourable L. P. Beaubien, *Deputy Chairman*

Beaubien

Bourque

Davey

Everett

Hays

Kinnear

Macdonald (*Cape Breton*)

McElman

Petten

Phillips (*Prince*)

Prowse

Quart

Smith

Sparrow

Welch

(15 members)

Quorum 5



## ORDERS OF REFERENCE

Extract from the Minutes of the Proceedings of the Senate, Wednesday, October 29th, 1969.

With leave of the Senate,

The Honourable Senator Davey moved, seconded by the Honourable Senator Lang:

That a Special Committee of the Senate be appointed to consider and report upon the ownership and control of the major means of mass public communication in Canada, in particular, and without restricting the generality of the foregoing, to examine and report upon the extent and nature of their impact and influence on the Canadian public, to be known as the Special Committee of the Senate on Mass Media;

That the Committee have power to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of the inquiry;

That the Committee have power to send for persons, papers and records, to examine witnesses, to report from time to time and to print such papers and evidence from day to day as may be ordered by the Committee;

That the Committee have power to sit during adjournments of the Senate and that Rule 76(4) be suspended in relation to this Special Committee from 9th to 18th December, 1969, both inclusive, and the Committee have power to sit during sittings of the Senate for that period;

That the papers and evidence received and taken on the subject in the preceding session be referred to the Committee; and

That the Committee be composed of the Honourable Senators Beau-bien, Davey, Everett, Giguère, Hays, Irvine, Langlois, Macdonald (*Cape Breton*) McElman, Petten, Prowse, Sparrow, Urquhart, White and Willis.

After debate, and—

The question being put on the motion, it was—

Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Thursday, November 6th, 1969.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Smith:

That the names of the Honourable Senators Giguère and Urquhart be removed from the list of Senators serving on the Special Committee of the Senate on Mass Media; and

That the names of the Honourable Senators Bourque, Smith and Welch be added to the list of Senators serving on the said Special Committee.

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Thursday, December 18th, 1969.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Smith:

That Rule 76(4) be suspended in relation to the Special Committee of the Senate on Mass Media from 20th to 30th January, 1970, and that the Committee have power to sit during sittings of the Senate for that period.

After debate, and—

The question being put on the motion, it was—  
Resolved in the affirmative, on division.

Extract from the Minutes of the Proceedings of the Senate, Friday, December 19th, 1969.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Langlois:

That the names of the Honourable Senators Bélisle and Phillips (*Prince*) be substituted for those of the Honourable Senators Welch and White on the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Tuesday, February 3, 1970.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Langlois:

That Rule 76 (4) be suspended in relation to the Special Committee of the Senate on Mass Media from 10th to 19th February, 1970, both inclusive, and that the Committee have power to sit during sittings of the Senate for that period.

After debate, and—

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Thursday, February 5, 1970.

With leave of the Senate,  
The Honourable Senator McDonald moved, seconded by the Honourable Senator Haig:

That the names of the Honourable Senators Quart and Welch be substituted for those of the Honourable Senators Bélisle and Willis on the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Tuesday, February 17, 1970.

With leave of the Senate,  
The Honourable Senator McDonald moved, seconded by the Honourable Senator Connolly (*Halifax North*):

That the name of the Honourable Senator Kinnear be added to the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Tuesday, March 3, 1970.

With leave of the Senate,  
The Honourable Senator McDonald moved, seconded by the Honourable Senator Denis, P.C.:

That the name of the Honourable Senator Langlois be removed from the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—  
Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Tuesday, March 3, 1970.

With leave of the Senate,  
The Honourable Senator McDonald moved, seconded by the Honourable Senator Denis, P.C.:

That Rule 76 (4) be suspended in relation to the Special Committee of the Senate on Mass Media from 4th to 13th March, 1970, both inclusive, and that the Committee have power to sit during sittings of the Senate for that period.

The question being put on the motion, it was—  
Resolved in the affirmative.



Extract from the Minutes of the Proceedings of the Senate, Thursday, March 19, 1970.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Smith:

That Rule 76 (4) be suspended in relation to the Special Committee of the Senate on Mass Media on 24th and 25th March, 1970, and from 14th to 23rd April, 1970, both inclusive, and that the Committee have power to sit during sittings of the Senate for that period.

After debate, and—

The question being put on the motion, it was—

Resolved in the affirmative.

ROBERT FORTIER,  
*Clerk of the Senate.*

## MINUTES OF PROCEEDINGS

THURSDAY, April 23, 1970.  
(42)

Pursuant to adjournment and notice the Special Senate Committee on Mass Media met this day at 10.00 a.m.

*Present:* The Honourable Senators: Davey (*Chairman*); Bourque, Everett, Macdonald (*Cape Breton*), McElman, Petten, Prowse, Quart and Smith. (9)

*In attendance:* Miss Marianne Barrie, Director and Administrator; Mr. Yves Fortier, Counsel.

The following witnesses were heard:

Mr. Edward S. Rogers, President, *Rogers Cable T.V. Limited*;

Mr. John W. Graham, Q.C., Chairman of the Board, *Rogers Broadcasting Limited*;

Mr. Vaughn Bjerre, Vice-President and Manager, *Rogers Broadcasting Limited*;

Mr. Philip B. Lind, Director of Public Affairs, *Rogers Cable T.V. Limited*;

Mr. W. Edwin Jarman, President, *Jarman Cable Systems Limited*;

Mr. Edwin R. Jarman, Chairman of the Board, *Jarman Cable Systems Limited*.

The following witnesses were present but were not heard:

Mr. Ray Erickson, News Director, CHFI, Toronto;

Mr. Barry A. Ross, Manager, *Rogers Cable T.V. Limited*;

Mr. Frank Verkaik, Director of Engineering, *Rogers Cable T.V. Limited*;

Mr. Eric R. Jarman, Director of Cablecasting Operations, *London TV Cable Service Limited*.

At 1.15 p.m. the Committee adjourned to 4.00 p.m.

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At 4.00 p.m. the Committee resumed.

*Present:* The Honourable Senators: Davey, (*Chairman*); Bourque, McElman, Petten, Prowse, Quart and Smith. (7)

*In attendance:* Mr. Borden Spears, Executive Consultant; Mr. Yves Fortier, Counsel.

The following witnesses, representing the Association of Canadian Television and Radio Artists (ACTRA) were heard:

Mr. Victor Knight, National President;

Mr. Jack Gray, Director;

Mr. Paul Siren, General Secretary.

At 5.45 p.m. the Committee adjourned to Friday, April 24, 1970, at 10.00 a.m.

*ATTEST:*

Denis Bouffard,  
*Clerk of the Committee.*



## SPECIAL SENATE COMMITTEE ON MASS MEDIA

### EVIDENCE

Ottawa, Ontario,

Thursday, April 23, 1970.

The Special Senate Committee on Mass Media met this day at 10.00 a.m.

**Senator Keith Davey** (*Chairman*): In the Chair.

Honourable Senators, if I may call this session to order, please. Perhaps I can begin in the interests of the Senators by confirming the schedule for the balance of the hearings.

Our final hearing is tomorrow morning at 10 o'clock with the Honourable Gérard Pelletier.

This morning we are receiving, as you know, two briefs. The first I will introduce in a moment. The second brief, from Jarmain Cable Systems Limited, will be received at approximately 11.30 and then we have only one brief this afternoon from the Association of Canadian Television and Radio Artists at 4.00 p.m. We have been unable to move the time back to 2.30 so when we adjourn at the noonhour we will have to reconvene at four o'clock to receive the brief from ACTRA. I am sorry we could not move them forward but apparently given commitments of the witnesses and so on, it has not been possible.

The first brief we are going to receive this morning is from Rogers Broadcasting Limited. I think that perhaps I can introduce two people only and I will allow these people to introduce the balance of the team.

On my right is the President, Mr. Ted Rogers. On my immediate left is Mr. John Graham, who is the solicitor for Rogers Broadcasting Limited.

Mr. Rogers is an old friend of mine and it is very formal—calling him Mr. Rogers. As I have said to many of the broadcasters who have come before us, we are anxious to have you see this Committee in its context. We are examining the entire media spectrum, not

specifically broadcasting and indeed not specifically the role of broadcasters.

We want to have the view of a representative group of broadcasters who could contribute views of some significance to the Committee. We are certainly delighted you have come.

We did not receive a brief from Rogers Broadcasting Limited and therefore we really have, as a Committee, nothing to study. However, we have done a little bit of background work on your company. We will have some questions which we would like to put to you certainly about cable and about other conventional systems and indeed perhaps with other media matters.

The procedure we follow is to now offer you 10, 12 or 15 minutes for an opening statement. It is my understanding you may wish to show us something rather than to put in a formal opening statement but following the screening or following your opening statement we will question you on quite a number of matters. I should make it clear at the outset, if you wish to refer any of the questions to any of your colleagues, by all means please do so.

Perhaps it might be a useful beginning to introduce the team who are here. Mr. Graham, would you like to do that?

**Mr. John W. Graham, Q.C., Chairman of the Board, Rogers Broadcasting Limited:** Thank you, Mr. Chairman.

Honourable Senators, as your Chairman has said my name is John Graham. I am a practising lawyer in Toronto and I act for the Rogers companies and I am a Director and an Officer.

There are several companies involved and so that it may be totally in context, I think it might be useful for me to recount the situation very briefly.

Rogers Broadcasting Limited is a private Ontario company, which is the licensee for stations CHFI, which is an AM station in

Toronto and for CHFI-FM, which is a FM station in Toronto.

It is also the licensee for station CHAM in Hamilton, the assets of which station are currently under an agreement of sale and it is anticipated that the application for permission to do so will be heard at the May or at the latest June meeting of the Canadian Radio Television Commission.

The purchaser is a man who is currently the manager, Mr. Dancy who is a broadcaster of some considerable experience.

Rogers Broadcasting Limited has certain interests in other companies. To state firstly on the radio side, it owns 83 per cent of a company called Sun Parlour Broadcasters, which is the licensee of the station in Leamington, Ontario.

That company, in turn, has a wholly owned subsidiary, Essex Cable TV Limited, which operates a CATV system in Leamington and Kingsville, which is a small system in the southern part of Essex County.

Now, on the other side, on the cable side, Rogers Broadcasting Limited is the owner and beneficial owner of all the shares of Rogers Cable TV Limited, which is a CATV company, operating in Metropolitan Toronto and through it 90 per cent interest in a company called Coaxial Colourview Cable TV, which also operates in the Scarborough area and in the Rexdale areas of Metropolitan Toronto, and a wholly owned subsidiary, Bramalea Telecable Limited, which operates in the Bramalea area. It is one of the four, I think it is fair to say, substantial CATV operators in the Greater Toronto area.

Mr. Rogers is president of all of those companies and the two prime ones, of course, are Rogers Broadcasting Limited and Rogers Cable.

**Senator Everett:** What is the total number of subscribers they have?

**Mr. Graham:** The current number of subscribers in the Toronto area is...

**Senator Everett:** Including Bramalea?

**Mr. Graham:** Yes, and Coaxial, just under 40,000, about 37,000 at the present time, I think, actual on-stream, paying subscribers.

Therefore during the course of our appearance this morning, Mr. Chairman, we will be prepared to answer questions relating to radio

or cable. Mr. Rogers was involved in television—no longer is—and I therefore would introduce to you those that are associated with us.

On my immediate left is Mr. Vaughn Bjerre, who is the vice-president of Rogers Broadcasting, is the manager of the radio station in Toronto and a broadcaster of some 27 years experience.

To his left is Mr. Philip Lind, who is Director of Public Affairs and Programming. To his left is Mr. Barry Ross, who is Vice-President of the cable company, owns a beneficial interest in the Coaxial portion of it and is a very experienced member of CATV operations background, having been in that type of work for many, many years.

Now, going around the table, next to the reporter is Mr. Ray Erickson, who is the News Director of the Rogers Radio News Network. To his right is Mr. Frank Verkaik, who is Director of Engineering for the cable operations and next Mr. Ted Rogers, who is President of both companies.

We will do our best to answer any questions that you care to put to us.

Thank you very much.

**The Chairman:** Thank you very much.

**Mr. Edward S. Rogers, President, Rogers Broadcasting Limited:** With your permission, just before introducing the program, I would like to take perhaps three minutes and just give you a brief background of our history.

It all started really with an FM only station in Toronto in 1958, CHFI-FM. It was the nation's pioneer FM station. It started when Toronto only had three per cent of the homes with FM receivers.

The early days of FM were somewhat similar to the early days of cable. There is a great parallel. In those early days, of course, it was very difficult for an FM station. Other AM stations started to commence with FM transmitters in separate stations on their own.

We applied for an AM frequency in 1961 and we were delayed, but we were finally granted a licence and started on a dawn to dusk basis at 1540 on the dial which one of the BBG members at that time described as "that dog of a frequency." But, it saved our lives and meant that we could popularize FM programming on the AM band and we did so for a number of years.

I felt that if we were to compete in the Toronto market, that we had to have a full-time frequency. It was very difficult to go off at a quarter to five and not come on until a quarter to eight in the morning.

One of the great compelling needs of our time for our people in my view are more frequencies for Canadian use, more positive action by government and broadcasters alike to conserve the remaining frequency space and to take positive action with the Americans to try and wheel and deal, if we will, to get more back for Canadian use.

We have fought for perhaps 10 or 12 years in Toronto to develop this frequency at 680 and the cost is measured literally in the millions just to secure one positive frequency for Canadian use.

We finally succeeded in developing this 24-hour frequency, 680, and came on in 1966. The price we had to pay was to go from 50,000 watts down to 1,000 watts. We felt it was right and proper to do for the constant service.

There were those that said in those days that they would not hear it the other side of Yonge Street, if it worked at all, because it was one of the largest and most complex in North America but it did work and we went up to 2,500 watts and after working in conjunction with another Canadian licensee, and he moving to another frequency, we are now licensed for 10,000 watts.

We have been negotiating with a station in Rochester to cooperate with him to improve the facilities of both stations. That has been before the governments for, I guess, two years and if we are successful here, he will be able to improve his coverage and we will again in Toronto be able to improve it; so it has been this kind of building that is seen today to build a frequency.

Frankly, the problems of cable have been nothing compared to those problems of finding a home for CHFI.

Now, the reason I got into cable was because CHFI-FM, which is our heart, was on a number of cable systems and I travelled around the country to try and persuade the cable companies to put it on more of the cable systems. This would be in the early sixties, and I became attracted to the industry. I felt that it had great, great potential for community service. Television per se was fast and huge in its coverage and in its economic requirements but cable television could pro-

vide local service; and as we are all human and some of the cable companies perhaps were not as cooperative as I would have liked for CHFI-FM, I decided we should go into business for ourselves.

So, that is how we started in cable. It has been a very exciting field. The wild West days of cable have characterized the last couple of years. The Commission, if it has done anything, if it has succeeded in anything in the last two years has succeeded in Canadianizing the ownership of cable in this country and I, for one, feel that they are to be commended for this, that it represents an entirely new thrust and in the next 10 or 20 years it will have a profound effect.

The idea of the *Montreal Star* and the *Toronto Daily Star* and other Canadian organizations getting involved in cable, I think, has tremendous significance. For those who come out with scare headlines and say that cable is dead, they are just about as right as the people who say "God is dead".

They say a picture is worth a thousand words and we wanted to show you excerpts of the local community programming we are doing and this is sort of an original Henry Ford. It is starting from scratch and we thought if you saw this that it would perhaps be of use to you and assistance. With your permission, Mr. Chairman, we would like to now show just a five minute film which was prepared really for the CRTC in February.

(FILM)

**The Chairman:** Mr. Rogers and Mr. Graham have informed me that that is the film presentation and that they are now prepared to receive our questions.

I think the questioning will begin this morning with Senator McElman.

**Senator McElman:** Mr. Rogers, going back to 1966 when the White Paper on Broadcasting was brought down and following from that the report on that White Paper by the Commons Committee on Broadcasting, and later the Broadcasting Act, it was directly indicated to broadcasters that they should play a significant role in the development of Canadian unity, culture and identity of Canadians.

It is a double-barrelled question I have for you. How do you see cable? What is its role within this context and how have broadcasters generally met this challenge to date?

**Mr. Rogers:** That is a very good question, sir. I perhaps would like to start to answer it



and perhaps Vaughn Bjerre would care to add to it from his experience.

Perhaps to answer the latter part of the question first, what have broadcasters done in this country to contribute to Canadian unity? As you all know certain aspects of the press, newspapers—the traditional broadcasters' claim that newspapers make mischief headlines over radio and television broadcasting matters and I think, speaking seriously, the past few weeks have been another example of that.

We have seen the press take the sincere desire of the Commission to probe and get broadcasters to comment on regulations and we have seen misinterpretations in the press. We have seen the Canadian Association of Broadcasters maligned and so on and I, for one, regret that.

I think broadcasting has a very proud history in this country of ours. First of all I think we must accept the fact that we have very few frequencies. You can drive from Toronto to Ottawa at night and you cannot listen to Canadian stations on one frequency. It is just a scatter of static and in the United States they have many clear frequencies and we have very few.

One of the reasons for this is that the Americans, to protect their own stations, always locate to the south of one of their cities and shoot their signal northward so that it comes over their city, say Buffalo, and then into Canada and this, of course, makes the use of that frequency or often an adjacent frequency impossible in our country, so I give this as a background.

Secondly I think that in our history we have aided in transportation east and west across this country. There have been freight rate differentials and so on but broadcasting has been given no such assistance and we need it.

We are in the new networking business and over half of the stations in this country cannot afford even the line costs with nothing contributed towards the Canadian news network and we wonder why we have the spread of American culture when, of course, line costs coming from the south are so much cheaper.

If there is one thing you can do to help in this, it is to come up with some recommendation whereby there could be some assistance to the broadcasting companies particularly the three or four that are trying to set an

initiative in developing an east-west flow of news and public information. I think our people know the name and about the Mayor of Chicago and New York and other American centres more than Winnipeg, Calgary and Edmonton and so forth.

Broadcasting in radio is primarily local. Now, in the past four or five years you have seen several broadcasting companies start Canadian news networking, east-west flows. Standard Radio was the first to pioneer in this area and for that I think they deserve the credit of all of us.

The Rogers group have a network of which we are very proud. We have been doing it in radio. We have about seven or eight subscribers. We are moving into the area of cable where we are interviewing Members of Parliament and offering that to the other cable systems in the same way we are doing interviews on radio and trying to spread the costs across the different systems in the country.

So to be specific, Standard Radio, Rogers, CHUM Limited is the sponsor of the Contemporary News System and there is a CBS Stephenson news system sometimes called News Radio.

All of these have an affiliation with an American news network. In our case it is ABC and in Standard's case it is NBC. In the early days Canadian broadcasters felt, I think, that they needed the NBC and ABC and so forth. But now you would find in examining the flow to the stations, that this has become a subsidiary part and that the Ottawa News Bureau and the flow of phone reports from the different subscriber stations and from the different people. We pay a newsman in any station of the country \$5 per news report that is phoned in to us.

If you listen now to Canadian stations you are beginning to hear news of what is going on in Halifax and Victoria and what is going on in these other places and you are hearing the sound of the news, which is so important. So I think that is what broadcasters are starting to do and trying to do but we need help, specifically in the area of line costs.

Now, you are used, I guess, to private broadcasters always attacking the CBC. I guess, perhaps because I am younger and so on, I just find we are a small country and I suspect we all have more in common than separates us but I do feel it is time to reassess. Surely out of the taxpayer's contribution a greater percentage can be spent on pro-

gramming, just as a basic rule. We all want Canadian programming. Surely this programming can be distributed to others than just the CBC stations because you can use the same program in different context and they program, as you know, in a way to sort of appeal to all different segments of the communities at a different time. If this same programming can be shown on other stations or heard on other stations at different times, I think it may be very helpful.

I do not know if I have answered specifically your question. In our case apart from the news network and the cable network we are putting together, cable supplying. It is distributing rather than a network. Network is too glamorous a term. We have had football broadcasts which are of course old hat and you are used to. We have recorded the members of the Toronto Symphony in the summer and distributed these free to 12 stations that played it.

Again you have a problem. I do not want to take too much time but the CBC have contracts with most of the cultural groups and the rates that are set are very high and it is not possible for private broadcasters to compete, if you will, and in my opinion it is damned nonsense to try and compete.

I think that these programs that the taxpayers pay for should be made available to all the broadcasting stations.

**The Chairman:** I wonder if I may ask a supplementary question. You were talking about your news policy. I was interested in your comment about reliance on or use of ABC. Did you mean the reliance on as well as the use of ABC material is being reduced?

**Mr. Rogers:** Yes, I think so. I think there is a growing consciousness and competitiveness to get news in our own country.

**The Chairman:** The comments you have made this morning about Canadian news content and so on, I think are very refreshing, and speaking, not for the Committee, but only as one person, I agree with you. I am curious to know why you carry on your programming schedule such an avowed right-wing American political commentator as Paul Harvey. I have listened to that program. I believe he is still on. I have listened to him within the last week or two. I cannot ever recall hearing a Canadian news item on there.

**Mr. Vaughn Bjerre, Vice-President and Manager of Rogers Broadcasting Limited):** May I answer that question.

**The Chairman:** Certainly.

**Mr. Bjerre:** May I say first of all I do not think there is a broadcast news network in the country that to some extent does not rely on a foreign affiliation for coverage of international news and that includes the CBC.

We just do not have the resources to cover all of the international news centres without making some sort of affiliation with an American or other network.

**The Chairman:** Agreed.

**Mr. Bjerre:** We try to get around this a bit. We have an arrangement with the *Toronto Telegram* where we use their 10 or 12 international correspondents. This means that we can often get a Canadian story from overseas that is normally not covered by an American network.

Sometimes we can get a Canadian slant on a story that we would not get from the American network.

Now, I see nothing wrong...

**The Chairman:** Before you go any further, you say you have an arrangement with the *Toronto Telegram*. What do they get out of the arrangement?

**Mr. Bjerre:** We pay them.

**The Chairman:** Oh fine.

**Mr. Bjerre:** We pay them a yearly fixed cash sum and they guarantee us a minimum of 400 or 500 reports a year.

As far as Paul Harvey is concerned, I do not think a broadcasting organization should get to the point where we try to become so Canadianized there is no room for any expression that is not Canadian.

Paul Harvey is the one and only American commentator on our station but we have several Canadian commentators and it is a matter of time. Of the many hours a day that we devote to news and news commentary, Paul Harvey gets six or seven minutes so there certainly is not an imbalance there, I do not think.

**The Chairman:** Do you think Paul Harvey is a good news commentator?

**Mr. Bjerre:** I do not think it matters so much whether I think he is a good news commentator or not. There are listeners who



think he is a good news commentator and there is a segment of the audience who likes to hear Paul Harvey.

We always preface our introduction by saying "This is an American news commentator on international events, commentating from Chicago". We position him and say "This is an American, talking about world affairs."

**Mr. Rogers:** I would just like to add though that when there is an American convention, we send either Gilmour or Flemming to cover them because I think it is important that we get the Canadian viewpoint of the foreign affairs, whenever it is possible.

We obviously cannot send reporters everywhere but that is the significance of the *Telegram* arrangement with their 10 or 11 correspondents in London, Paris, Hong Kong and so forth; to actually have a Canadian over there who would say "What does this mean to the people in Canada"?

I hope that this sort of thing continues in the future and I hope also perhaps that the four or five competing news radio services might jointly sponsor one or two Canadian news gathering facilities abroad.

**The Chairman:** I should make clear to Mr. Bjerre that I quite appreciate the reasons for the arrangement with the ABC. It is just that Paul Harvey, I am afraid, being just slightly to the right of Barry Goldwater, I find annoying.

**Mr. Bjerre:** I might say we have continual room for expressions by people who are considerably to the left of Barry Goldwater, but might I just say...

**The Chairman:** Not on a regular daily basis, I am sure.

**Mr. Bjerre:** Might I just say our two principal news commentators are Bill Gilmour and Jim Flemming. They are on the air four times a day. They have been with the station a number of years and have a very good background in broadcasting and journalism.

Over the last three or four years we have sent these commentators to Vietnam, to Moscow, to the Middle East—one went to Israel and the other one went to Egypt and other Arab countries. We have sent them to the Republican Convention in Miami, the Democratic Convention in Chicago.

They went to the Washington riots and the Detroit riots. Here in Canada we have sent them to Montreal on several occasions when there have been news stories there and other parts of the country; so we do take our own people and within our resources we send them out and I think perhaps we do more of this...

**The Chairman:** Yes, I should say to the Senators who are not from Toronto that I think in fairness to CHFI perhaps more than most private stations, you do give a Canadian viewpoint on American affairs.

I just wondered why you insist on ruining it all with my friend?

**Mr. Rogers:** I think I should put on the record that when the affiliation was with CHUM, they played Paul Harvey.

**The Chairman:** Oh, I am aware of that.

**Mr. Rogers:** ...and when it was with CKFH I believe they played Paul Harvey. I think CFCF played Paul Harvey.

**The Chairman:** I would suggest if you are interested, if anybody wants to pursue this, there is an excellent article on Paul Harvey in the current issue of *Esquire* I think it says it all very well.

Do you have a supplementary question, Mr. Fortier?

**Mr. Fortier:** I have a supplementary question but it is not on Paul Harvey.

**The Chairman:** Thank heavens.

**Mr. Fortier:** Mr. Rogers, do you foresee use being made in the future by your news and public affairs division of the cable system of CHFI news commentaries.

**Mr. Rogers:** Yes, I would most certainly hope so.

**Mr. Fortier:** What do you envisage as tangible evidence of this direction?

**Mr. Rogers:** Well, I think that the thrust of cable is to create more Canadian programming and in our particular case the news bureau that we have in Ottawa will be used for producing cable news programming as well as radio new programming.

Now, the cable news, again because of distribution problems would not be day to day,



such items as go out on the radio which can be transmitted by wire. They would be more weekly background type reports, introduced with a Member of Parliament and so forth.

Gilmour and Flemming, of course, would do the same sort of thing. Now, I want to make it very clear. We are in the experimental period. I would like Mr. Lind to comment on this. We have not pat answers or no set policies but we do hope to use all our people and give them greater exposure.

**Mr. Fortier:** As a radio broadcaster and also as the principal shareholder of a cable system, do you see any advantages flowing to either one of the media because of the multi-media interest?

**Mr. Rogers:** Yes.

**Mr. Fortier:** Would you expand on what they might be in either direction.

**Mr. Rogers:** Well, I think that being a broadcaster has given me an enormous advantage in cable, just in thought and in the thrust of what you are doing. There is no doubt in my mind.

**Mr. Fortier:** Even in your role as a cable-caster?

**Mr. Rogers:** I have never considered that role. To me when I entered cable it was as a broadcaster and it perhaps permitted our company to look ahead or jump certain steps that others were not doing and perhaps even today our view of cable is different from others because of my own background and that of Mr. Bjerre and the rest of us as broadcasters.

We think of cable in the programming part as another television station, of course, different from Channel 9 or Channel 6 but only perhaps as FM is different from AM. They are both radio stations but it is a good parallel because a cable television station is a television station.

FM concentrates its programming on music not because of regulations but to take advantage of the technical advantages it has on AM for music but does not have for voice.

I think a cable television system will tend to concentrate on local programming, not because of regulations but because of the physical fact that it is physically around in that one local area and it does not have a range of 100 miles.

**The Chairman:** Do you want Mr. Lind to comment on this?

**Mr. Rogers:** Yes.

**Mr. Philip Lind, Director of Public Affairs and Programming:** Yes, Mr. Fortier.

**The Chairman:** May I just put this question to you while you are there.

Mr. Rogers said it was experimental. It did not look very experimental in this ad in *Marketing* which I saw on the 6th of April. It says:

"Rogers Cable TV announces programming available for Canadian cable systems."

It did not look very experimental.

**Mr. Rogers:** There is an old adage which says nothing happens until there is a sale.

**Mr. Lind:** I will comment on that too, sir.

I think that as Mr. Rogers pointed out, there have been significant benefits to us in the cable field because of our association with CHFI particularly in the Rogers network.

There are, of course, benefits to the listener-watchers too because they have the availability of our programming content.

What it is basically and I think this is CHFI's philosophy is that we are primarily an information dispersal agent. That is primarily where our programming effort lies right now.

Now, in fact that is not necessarily exploring the great issues, although we do that, it may be in the antique or Canadiana history line as much as anything else.

Let me just indicate one or two of the things that we do in our information programming. We have the "Contemporary Issues" series which today is concentrated rather heavily on two subjects. Quebec, with the "Exchange Quebec" series going on in the St. Lawrence Centre (we are the cable company that programs out of there) and the Americanization issue, the Americanization of Canada and the Americanization of Canadian Universities.

We are very fortunate in this instance because we have two very fine academic institutions in Toronto and five or six Canadian colleges which are first class. We find probably that the best programming inputs are derived directly from student planned

programs and I can get into the student participation in cable too at some later date.

We also have the "People and Ideas" series in which we have Mr. Stanfield, Mr. Trudeau, Mr. Rasminsky, people of major importance in Canada who are in Toronto expounding on some very significant topic. This is a real backgrounder, of course, because CBC and CTV can interpret that and show perhaps a 35 second clip, whereas we show the entire text of the message. In many instances this is very important to really understand what the man said.

Continuing with our Public Affairs programming, we offer access to political groups, institutionalized political groups as well as recently formed citizens groups and we have provided a set formula in which they can participate on a weekly basis. This, of course, ties in with our Ottawa Cable News which is really three services.

The first service is M.P.'s reporting directly to their constituents. We were in fact doing our filming yesterday in the press building whereby Members of Parliament came in and talked on an informal basis for 10 or 15 minutes about issues directly related to their own constituents. This, of course, they cannot get especially in the Metro areas or the urban areas in Canada. They cannot get this message across except by that news letter.

**Mr. Fortier:** Do you only offer this to those M.P.'s who ridings are within your system?

**Mr. Lind:** At this stage, Mr. Fortier, but this is part of our Ottawa Cable News and any cable system that wants this and informs their Member of Parliament, we get in touch with them and these tapes are made available to them, so that will go right on.

**Mr. Fortier:** Do you sell the tapes to cable systems?

**Mr. Lind:** Yes, very cheaply.

The second instance in the Ottawa thing is the Ottawa Cable News Parliamentary report, which is much like a backgrounder as well because we cannot make it as contemporary as TV or radio. Our correspondents here will background the news. The report yesterday dealt with Arctic sovereignty and the historical background.

The third thing—we have not quite finished negotiations on this—but we feel these backgrounder press conferences that are held in

the press building that are reported, again with the 35 or 40 second clip, we intend to tape in whole and again offer it as part of the service.

You know, we are not there yet and we are certainly open to more ideas, but we are really trying to make a start on things.

I can go into our other programming aspects. I am sorry I have taken so long.

**The Chairman:** That is all right. Mr. Graham?

**Mr. Graham:** Mr. Chairman, I think there has been so much talk on local programming on cable that some things should be kept in context. It is less than 12 months since permission really was granted to cable companies in Canada to programme and what you saw in the presentation earlier is an example of our first steps.

Everyone, if they are honest, is crawling before they are walking and walking before they are running. It is an evolving matter and the cable companies are certainly not in competition with commercial television. They are providing, as earlier has been said—Mr. Rogers made the comment—local programming.

In Toronto, we can programme, for example, for the Borough of Scarborough or for the Borough of Etobicoke and we can air or make available for viewers on our system things which could never get on a commercial television station or commercial radio station for that matter.

**Mr. Fortier:** How do you seek to finance this increased service to your viewers?

**Mr. Rogers:** Well, right now through this experimental period it is being done out of general subscription revenues.

**Mr. Fortier:** Have they increased at all in the last year?

**Mr. Rogers:** The per charge has not increased. The number of subscribers has. Now, when we financed the system at the beginning there was no budget for local programming so obviously there is a problem, but we hope, in the year that has just passed, and what we are going through now, to be able to justify it in our own minds by attracting new subscribers so it will be, if you will, sales promotion expenses.

Now, to play a meaningful role \$100,000 a year is just nothing. That is what we feel we can afford. We are very hopeful that advertising revenues will allow us to spend say \$1 million a year, of which we may recover, say, \$900,000. We would still finance it to the tune of \$100,000 a year or whatever a cable operator can afford, but it is much better to multiply what you can afford by getting advertisers who cannot otherwise be heard in their community because they are not large enough to be on a television station and let them finance this.

**The Chairman:** These would be local advertisers?

**Mr. Rogers:** These would be local advertisers. Local, local advertisers. There may be some bigger advertisers who would want it but it is only to attract these people so I desperately hope they permit advertising. They permit it on FM.

**The Chairman:** Should they permit national advertising on cable?

**Mr. Rogers:** I hope they put a minimum of restrictions and if we do something wrong then they could put restrictions.

I must emphasize: I am not against restrictions because I am a relatively young man and we must have them. We must have rules or else we will be run over crossing the street.

I think we must remember that this is a small country and we have built cable to where it is today out of the ingenuity of individual Canadians and so on. All in all it has been a plus.

I would just like to emphasize, while I think of it, that in Toronto there is no single household that can receive a good picture of both local television stations. People do not buy cable to watch 6 and 9. They do not think of it in their minds but they get a much better picture on 6 and 9 when they have cable, and I am sure that statistics will show that the viewing of 6 and 9 in cable homes is higher than in non-cable homes.

**The Chairman:** Perhaps at this point I should apologize to Senator McElman who is our lead questioner and who has asked exactly one question.

I have Senator Everett and Senator Prowse both indicating that they have supplementary questions.

**Senator Everett:** I will pass, thank you.

**The Chairman:** I was not saying that you should. Senator Prowse, will you pass?

**Senator Prowse:** No. I would like to ask a question now. I will never get back.

The first thing is: as I understand it, am I correct in assuming that when you are talking of your own programming, you are talking about what would be free channels on your cable?

**Mr. Rogers:** Yes.

**Senator Prowse:** In other words, some of them are not used and this is where you are able to give this extended type of coverage, because you do not have the limitations imposed by ordinary programming? This is something extra that you are able to offer. Is that correct?

**Mr. Rogers:** Yes. We are removing a television station to make room for a local programming channel we are now programming.

**Senator Prowse:** Within the limits of your own distribution system?

**Mr. Rogers:** That is correct, sir. We are now doing it part time on the channel.

**Senator Prowse:** These questions are very simple, Mr. Chairman, they are just for clarification.

Did I understand you to say that because the CBC is very heavily subsidized that the programmes which they produce ought to be made available to all broadcasters who want them?

**Mr. Rogers:** I think so, yes.

**Senator Prowse:** That was one question and the other one was the suggestion that there should be some form of subsidy to cover line costs of making available special types of broadcasts from one part of the country to the other.

**Mr. Rogers:** Very definitely. This is our greatest need.

**Senator Prowse:** You would suggest a direct subsidy to whom? How would you work



the subsidy out? Have you given any thought to that?

**Mr. Rogers:** I will have to ask Mr. Graham.

**Mr. Graham:** Mr. Chairman, Senator Prowse, the subsidy in other fields is to the carrier and if we have the concept of a common carrier in telephone microwave or what you will, I should think the easiest and most direct and effective way of implementing it would be through the common carrier.

**Senator Prowse:** In other words, to tell them "All right, you set a reasonable rate here and then the subsidy would make up the difference"; like we cover the loss on the railways between Winnipeg and Sault Ste. Marie or something like that.

**Mr. Graham:** It is precisely the same idea.

**Senator Prowse:** The same principle.

**Mr. Graham:** Yes.

**Senator McElman:** Mr. Rogers, you have suggested that there should be no restriction on the type of commercial advertising between local, national and so on.

An integral part of licensing in this country, quite different from the United States, has been that before licenses are granted the economic viability of an existing licensee in the market area concerned is taken into account as well as the prospective viability of the new licensee.

With that as our background, in Canada do you believe that it would be fair competition that cable be permitted in its own cable casting to have national advertising in addition to the local and in addition to making available time for those who now cannot afford it?

**Mr. Rogers:** Well, yes, I do.

**Senator McElman:** You do?

**Mr. Rogers:** Yes. If this imposes a hardship then, of course, regulations can be set, but if we are to be responsible for producing quality local programming and we will have technical requirements imposed upon us the same as Channel 9 or Channel 6 in our market—we will presume we have to pay the same wage scales and so forth—then I see no reason to limit that by any limitation upon advertising revenues because if you do, fair enough, it will obviously restrict the activity of the

cable television station. This is a judgment for you and the authorities to make really.

**Mr. Graham:** Mr. Chairman, if I could enlarge a little on Senator McElman's question.

**The Chairman:** Yes.

**Mr. Graham:** We subscribe to the practice that has been followed for many, many years in Canada that licenses are not issued indiscriminately in broadcasting and that you must be reasonably assured that with good management the existing licensee and the new licensee will all be viable economically. I think that is one of the great strengths of our broadcasting system in Canada.

Having said that with respect to advertising and CATV, and I speak primarily of the metropolitan centre—in Toronto there are only two, or if you include Channel 11, which designates itself as Hamilton-Toronto—three television stations. They cannot handle the local advertising that is offered to them and I cannot see that they should have any conceivable objection on economic grounds to CATV systems being permitted to carry advertising.

There may well be an effect on radio but this is another matter and not one to which you refer.

Then you get into really a question of philosophy. It is my belief that we should always start with the minimal regulatory proscriptions and only as and when abuses and problems are found, do we then inhibit the freedom of choice of the individual; but from a philosophical standpoint I would much prefer that we do not start off with limitations.

The licensing process in this country is now on a bi-annual basis. I do not know how long administratively they are going to be able to continue to shoulder that load but certainly it would mean at least every two years, if there is an abuse or something which is proving harmful to others, it could be quickly corrected.

**Mr. Rogers:** By a condition of license for a particular area. I suspect it would be a particular area where you would have a problem rather than an across-the-board rule.

**Mr. Graham:** Yes, and just on that point, one of our greatest problems with the regulations that are proposed, and the Canadian Radio-Television Commission is encountering

this now, is the great difficulty in having a uniform regulation which applies in Toronto, Cape Breton, Vancouver Island and the Yukon Territory.

So far they have tried very hard to have uniform regulations. They are now getting into separate, special conditions of individual licenses. I think this is a highly desirable move because it gives greater flexibility to the whole broadcasting system.

**Senator McElman:** I share with you an antipathy towards over-regulation, but consider the experience of the CRTC and its predecessors, where they went into this whole picture of broadcasting with not over-regulation at the outset, and with the expressed intent of the Canadian people through Parliament to all broadcasters, that they should contribute to the Canadian identity in a specific fashion. The content should be Canadian to a large degree and yet there is a strong body of opinion, at least, that those broadcasters fell down very sadly in meeting the intent of the Canadian people through Parliament for the privilege they were given of having an economically viable unit, a license to broadcast. They did not return to the Canadian people in balance what they were given in protection.

With that background, would you think it unreasonable for a regulatory body to perhaps want at this stage to take the opposite tact from what you now suggest and say "Broadcasters have shown that they will not follow the intent of the Canadian Parliament and the Canadian people" and perhaps set pretty stringent regulations at the outset of a relatively new mode of communication?

**The Chairman:** Mr. Graham or Mr. Rogers.

**Mr. Rogers:** I will start by saying I find it really hard to restrain myself because it is basically like saying there is a substantial body of opinion that feels you have been beating your wife what would you like to do to stop beating your wife as much?

Now, I absolutely deny the substantial body of opinion. I think these statements are not accurate, that broadcasters have done in this country a tremendous job and I, for one, resent very much the mostly newspaper propaganda that suggests to the contrary. We can do a better job, of course, so can anybody, but we do need some assistance and some help.

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To suggest that it is all broadcasting or that individual broadcasters have not done substantially a first-class effort is, in my view, grossly inaccurate and it is just not true.

We have done this. We have been able over the past 20 years to win back Canadians to listening to their own stations. Surely...

**The Chairman:** To radio.

**Mr. Rogers:** To radio, that is right, and to a great extent, television, and surely, surely this fact is so overwhelming as to swallow up and drown the other views completely.

**Senator McElman:** May I interrupt at that point, Mr. Rogers, and make another suggestion which I think comes from a fairly substantial body of opinion: that you got back the Canadian audience for radio by duplicating what they had on American stations rather than developing Canadian talent and Canadian content.

**Mr. Rogers:** Well, I would just say this. I was fortunate enough to be in the Senate Chamber before coming in here and I was given a description of it and part of the limestone, I believe, came from the United States.

I just must say to you that all in all I think Canadian broadcasters have done a first-class effort at producing Canadian programming and of course, there has been some American content in private broadcasts the same as there is American content in this Senate Chamber, and there is no reason to denounce either one.

**The Chairman:** We are going to have a look at that limestone, I will tell you.

**Senator McElman:** Mr. Chairman, I think American content does not come into the dialogue as much in the Senate Chamber, perhaps.

**Mr. Graham:** I would just like to speak now and confine my comments to radio broadcasting for the moment.

Those of us who were adult before the War will recall, certainly in the Toronto area, that most of the listening was to American stations. That certainly was the case, also to my own knowledge, in Winnipeg and a number of other Canadian centres, that pre-War, one listened largely to American radio stations.

Listening now to American stations is minimal, it is insignificant, which means that you



have Canadian voices, the Canadian approach to news, to comment on radio. The whole character of radio, of course, has changed. Mr. Bjerre can speak, he having programmed for pre-television radio as well as more contemporary radio. Most of us will remember the days of "Amos and Andy" and the big shows that used to be on radio, which was a very different thing to what you now hear.

Radio has become much more local. It is of high standard. Certainly we try to maintain our station at the highest possible standard, which means you go to the market of the world for your product and what you are displaying; and the Canadian Radio-Television Commission is presently investigating the possibly of imposing quantitative requirements in the use of Canadian music.

This is excellent except that most categories of music, chamber music, classical music, the type of music that in many metropolitan stations is played in the evening, are just not produced in Canada.

Therefore, unless you are going to have total sameness throughout, you have to have resort to the market of the world, but this does not mean...

**Senator McElman:** You say this is not produced. Can it be produced in Canada?

**Mr. Graham:** It possibly could be but not before the 1st of October.

**Senator McElman:** Right.

**Mr. Graham:** Be that as it may, Mr. Bjerre will speak on this—I do think that radio has been Canadianized to quite an unbelievable extent in the last 30 or 35 years, and I hope that whatever may come from regulation or quota will not reverse that trend because the Canadian listeners and viewers are very discriminatory.

They have been accustomed to the best in the Western world and they will tune in to whatever channel or to whatever frequency they wish in order to get what it is they want to listen to or see. Therefore, to get back now to your original question, if from the philosophical standpoint, we start off by putting Canadian broadcasting or cablecasters in a straightjacket, you may well find that the baby is going to be stillborn and the public just will not watch. They will look to other places, wherever it is available to them to look.

**The Chairman:** Perhaps, Mr. Graham, part of the answer to that though is that the public has not had the opportunity. You may be right, but let us give them the opportunity.

**Mr. Graham:** But is the opportunity—I do not want to exaggerate or overstate...

**The Chairman:** Nor do I.

**Mr. Graham:** But is the opportunity best served by inhibiting the Canadian operator so that he cannot compete on what I would refer to as an equal basis?

**Mr. Rogers:** I would just like to add in our market, CFRB in the last 10 or 15 years used to play, as you remember, many syndicated U.S. programmes or whole broadcasts emanating from the States. They no longer do this, not by regulation, but just as Canadian programming has developed.

**The Chairman:** I think Mr. Bjerre was going to say something.

**Mr. Bjerre:** I see there being two basic and perhaps regrettable problems. The one thing is that we are really, to some large extent, swimming up-stream. The world is drawing closer together because of satellites, jet travel and various forms of transport of communication.

It is very, very common for the conductor of the Toronto Symphony to conduct in Toronto one week and Prague the next week and Rio de Janeiro the third week, and so on.

Even in pop music it is possible for Tom Jones or the Beatles to be as popular in North America as they are in England and vice versa.

This is the direction, so whatever Canadians want and do is really part of this Western culture. The origins were in Western culture. Our cultural beginnings are European and if we drew away from other parts of the Western world, we are not getting back into it again and there is a sort of sameness developing in all countries of the Western world.

This situation is compounded and made more difficult when you narrow it down to the English parts of the Western world, so I think, if we are to say we are going to reject that and pretend it does not exist and do our own thing, we are swimming upstream because the populace is not going that way.

So, I think what we should be doing is saying "Okay then. We are part of this West-



ern world and the culture of it. Let us see that Canadians play a bigger role in this culture, whether it be entertainment or anything else."

The idea of creating something that is distinctively Canadian is very, very difficult. I think we are hard-pressed to find things that are distinctively Canadian. We are primarily North American and then we are in the Western world, so perhaps we should be doing both.

If it is possible to create something distinctively Canadian, fine, I am all for that.

**The Chairman:** You said the conductor of the Toronto Symphony Orchestra played in Prague one night and in Rio de Janeiro the next night. If he is that good, why do we have to listen to the Berlin Philharmonic and the New York Symphony and the London Symphony only? Why can we not hear the Toronto Symphony?

**Mr. Bjerre:** I will tell you why we cannot. We do hear the Toronto Symphony but building a major symphony orchestra of international standards is difficult and expensive. It calls for quite a lot of scarce talent and a lot of money.

In this country we have been able to develop perhaps two or three major symphony orchestras. Montreal, Toronto and possibly Vancouver could be included. I do not think any of the others could.

**Senator Smith:** Halifax.

**Mr. Bjerre:** I have not heard it recently so I do not know...

**Senator Smith:** You must listen some time. I am serious about that.

**Mr. Bjerre:** ...to make a recording, say, which is the best way to distribute symphonic music or any kind of music for exposure to the general public, is terribly, terribly expensive.

We are talking about \$25,000 or \$30,000 just to make a master. This is a lot of money for a Canadian record company to invest when there is a very, very long-term payout. First of all there is a limited exposure for promotion and publicity. There is a limited market for the purchase of the LP's, and it does have one quality. It will probably last for years as opposed to the ephemeral nature of pop music, but there is no quick return.

You cannot make a master as you can for a local group for \$1,000 or \$2,000 or \$3,000 and you get a lot of exposure and you can get your money back very quickly.

So, these are two basic reasons why we have to listen to the Berlin Philharmonic and really Canada is not behind in this way, because there are many countries which are no larger than us and which do not have any more than 2 or 3 major symphony orchestras.

**Senator Prowse:** Mozart and Beethoven were pretty good, too.

**Senator McElman:** Would you agree that perhaps we are somewhat behind, taking into account that so much of the programming of broadcasting media in the United States and film making and writing is based upon the history of the United States?

Do you not think that we are rather behind in the visual and broadcasting media in Canada in paying some attention to developing programming based upon the history of this nation? Is this not something on which the industry could have gone much further?

**Mr. Bjerre:** We have a major problem. What we are trying to do is to take the broadcast industry and isolate it and say "This is an island and it has nothing to do with anything else", and that is not true, because we allow American magazines and literature from other countries, motion pictures and all kinds of material which are part of the entertainment cultural industry, to flow back and forth across the borders of the countries.

**Senator McElman:** All right. We have lost ourselves on magazines, apparently. Should we do the same thing in the broadcasting area?

**Mr. Bjerre:** What I am saying is that magazines—take Frank Sinatra, for example. One of the reasons he is popular is the fact that you can see a movie with him in it and you can read a magazine article about him.

Unless we could erect some sort of an electronic barrier around our country where we said "There is no alternative", then perhaps we could develop some...

**The Chairman:** This is where French Canada has a distinct advantage over English Canada. Would you agree with that?

**Mr. Bjerre:** Yes. There is a language difference.

**The Chairman:** And they have been able to build their recording artists.

**Mr. Fortier,** you have a supplementary question?

**Mr. Fortier:** Yes.

**Senator McElman:** I am still on that point.

**Mr. Rogers:** Could I just comment?

**The Chairman:** I do not disagree.

**Senator McElman:** Before you do, sir, is it not a defeatist attitude you are taking?

**Mr. Bjerre:** No, it is not.

**Senator McElman:** You say that we are trying to create an island here. Because we did not create an island in anything else, we were swamped. And again I say to you is Canadian background history not something that can be moved into without creating an island, simply requiring some dollars and some development (and I suggest to you the broadcasting industry balance sheet shows they have some dollars) and developing some Canadian talent, not only in performers and artists but in writers and using the writing that is already available from Canadian sources. Without new production that is available to you as broadcasters right now? Is this talking about an island? Surely it is not.

**Mr. Bjerre:** First of all, I do not think it is a defeatist's attitude. I think if there is a problem, one has to recognize the facts as they are before you can start to solve the problem. This is a fact of life that does exist, that we do have this influence and that broadcasting is not an island.

Now, I am not suggesting we just leave it at that and use that as an excuse and not try to do anything. Yesterday when we appeared before the CRTC, we said we did not object to the necessity of some kind of regulation but I think the important thing is to tackle the problem in a sensible manner. To say it is one thing. To do it is something else.

Sure, I think we should develop more Canadian talent and I think we can. We have to be very, very careful though, to do it well, to make sure it comes up to the international standard, to introduce it in the context of our normal programming and not isolate it and

set it up and say "This is something special."

If we pressure this too much and set too high percentages on what is required and so on, what is going to happen is two things. First of all programming will be detrimentally altered in some cases because we need 30 per cent of classical music and it is not available. The result is to have endless repetition. We will probably come to the conclusion we should eliminate that programme because no one is going to be listening to it.

If we record a lot of talent that is second-rate, we will be doing a great injustice, not only to ourselves but to Canadian talent because the Canadian people will come to the conclusion that everything they hear that is Canadian is really not very good because there are alternatives for them. So I think it has to be done well and gradually.

**Senator McElman:** There has been a complaint by broadcasters that the period of time involved is all too short, it should be extended. This, I think, could be said to be the prime recommendation they make for amendment.

**Mr. Bjerre:** Yes.

**Senator McElman:** ...to the proposals. I say to you: was four years too short? That is when the intent was given to you and the intent was again given to you four years ago by Parliament.

**Mr. Bjerre:** I agree with you, Senator.

**Senator McElman:** And what has happened in the interim that requires now the CRTC to come down hard and say "It is time we laid down regulation since it has not been done."

**Mr. Bjerre:** That was Mr. Rogers' point. If we do not do it, we accept the regulation.

**The Chairman:** Mr. Rogers?

**Mr. Rogers:** I really find this discussion different because in the broadcasting business or in cable and politics, I am known as a nationalist. I therefore am with you 100 per cent of the way. But I think that to bring it into realism, first of all, I absolutely deny that the broadcasters have not in the last four years or last 40 made a continuing, positive contribution in this area. I mean, those statements are just not correct, sir.

Now, the way the question is posed, it is as if we have done nothing and it took the



CRTC to get some action going and the only amendment suggested is "Please delay it." That is not correct.

**Senator McElman:** I was not suggesting that, if you are putting that to me.

**Mr. Rogers:** The problem with any quantitative rule is this. I do not want to defend the status quo. That is not my role, but if they impose a regulation on music, that 30 per cent be Canadian—we are broadcasters. We do not record orchestras and so on. We buy our records and we will be able to buy records that the record companies supply, and the record companies would tend to produce records that are low budget, rock and roll records, country and western and so on.

Those stations that are trying to provide music a cut above the average, classical is a good example. "Candlelight and Wine" music is another example where there is a 40-piece orchestra, but to simply equate recording 40-piece orchestra music with a rock group is—one is one-tenth of the cost of the other, so I think if we go about it in a quantitative way that there will be a giving up of the above-average types of programming.

There will be a tendency—not by what we do but because of what we are supplied—in music towards sameness of sound.

We have the same problem in music record production as the car manufacturers do. I do not know why broadcasters have to start speaking for the recording industry or defending the recording industry because we do not speak for it; but there are obviously the economic problems for the large kind of orchestras. I suspect that the final answer in music production will be the same as in cars, that for recording an artist, we should get our share in North America.

Now, in the field of bringing up our children to feel just a little bit Canadian, I think there is a great need. The only quarrel that we have is that there seems to be a body of opinion that blames the broadcasters for the lack of our children being brought up as Canadian.

I think that it is about time that somebody in broadcasting said to those in politics "We agree with you. Let us get the rest of the other industries to catch up to what private broadcasting has done, and we will continue to move forward ourselves."

**The Chairman:** You mean other media industries or just industries generally?

**Mr. Rogers:** Well, let me give you an example. We are in one of the most dangerous times, I think, for educating young people, with the CBS-EVR invention where there is to be, as I understand it, no production facilities in Canada. For anything to be produced, you have got to send it down to the States to process and you have got to have a minimum run, to look at their rate card, of 150.

Now, obviously the school systems and libraries are going to tend to buy these EVR units, very low cost reproducing machines for television. Our libraries and schools will be full of them and the great tendency will be to buy the New York Times Service or the many university services that you have no doubt read about, and our own universities and so on will be swamped because we just cannot produce 150 copies.

We are not structured in this country, in part because the people in public life have certain constitutional problems, and as a result you will find that the educational material for our children will be coming more and more from the United States and this will now start to be coming off the television screen; and at the very moment that private broadcasters are being urged to do more, and we should do more and there is no quarrel about that. Our only quarrel is that you are not pushing the other people, who have at least as great if not a greater influence on our young people, to do anything.

Nobody likes to feel that no matter what we do, it really will not work.

**The Chairman:** Do you have a comment on that, Senator McElman?

**Senator McElman:** I was only going to say that we are not investigating General Motors but the media here. I think from our standpoint, at least, we should stick to the media.

The question I would ask is: in view of the many representations that we have had that the Government should step in and help develop Canadian talent, and that Government must subsidize in this area or that area, in the United States, which has the preponderance of production, was it developed by Government subsidy or by the private sector? Were broadcasters not largely instrumental in developing a strong recording industry and the production of programming facilities for television and so on?

**Mr. Rogers:** That is a good question.



**Senator McElman:** Well, shake it down. Did the Government of the United States develop all of the ancillary necessities for broadcasters or did the private sector?

**Mr. Rogers:** The private sector, sir, did. I think in the promotion of entertainment personalities that the entertainment companies have used radio and television and any vehicle they could to popularize their personalities.

I do not think that broadcasting has been able to control that or has caused it. I think they have been used as a tool and television programmes today are used in the same way for selling records and so forth.

**Senator McElman:** I have only one other question on this line and that is: in view of the fact that Canadian talent has not progressed, I am sure as much as you would like to see it, Mr. Rogers, what is the prospect of cable contributing to the development of Canadian talent?

Let me say in the type of cable-casting that you are now doing and what you propose, I see little opportunity of a strong contribution. Do you, looking to the future, see original cablecasting providing a strong contribution to the development of Canadian talent?

**Mr. Rogers:** Yes, I do. I still must repeat the comment that I made earlier that no matter what we do, I am concerned that it will not work, this feeling of Canadianizing our young people because I feel we have to go beyond. The people are watching the screen now, this medium, in a lot of different ways. And I, for one, feel we have to go and tackle the problem with the schools and with the libraries. But I think cable can make a contribution in this area of producing programming that perhaps can be produced on the CBS unit or other mediums and that it can be distributed to libraries and universities as well as shown on the cable system itself.

I think cable will do as much to develop a community feeling within an area as much as nationalistic feelings. I think that it will give the people in Brampton, Bramalea for example, their own television station, their own feeling of identity. Now, of course that will contribute to a feeling of Canadianism. I frankly feel cable will build a community feeling.

I think one of the great problems in our areas are the low income areas. How are we going to get cable into the ghetto areas. That

word is appropriate in the United States. I do not feel it is appropriate in Canada but I will use it to illustrate the point. These people cannot afford cable. Should we donate the cable service to them? Should we, with the Government, somehow work it out so that there is some contribution for this? I think much of our meaningful programming can assist people in these areas.

There are in our market New Canadians living in whole communities of certain racial backgrounds. Perhaps Mr. Lind may or may not wish to comment on this. We feel a great need somehow to communicate with these people and most of them will not buy the cable service.

**The Chairman:** I would like to point out to the Committee that we have another witness and we must adjourn presently. Therefore, I am proposing to put several questions to you, Mr. Rogers, and I would ask you, if possible, for you to answer them perhaps not at the length that I would like and which you would like, but as I say, we do have another witness.

There are certain questions that I would like to put on the record from this hearing. First of all: what is the difference between "elevator music" and "Candlelight and Wine music"?

**Mr. Rogers:** I thought our wire had settled that.

**The Chairman:** I think in fairness that I should read your wire. I received the following wire the other day. I made a reference to "elevator music" in one of our hearings and I received this wire from Mr. Rogers.

He said:

"On behalf of the Nation's pioneer good music station, CFHI, Toronto, I would inform you that with the trend towards high rise and research indicating more elevators per capita in Toronto than anywhere else in Canada, Candlelight and Wine a great success. 70,000 Candlelight and Wine L.P.'s sold to date. More than 500,000 people listening to Candlelight and Wine, despite lack of record players and radios in elevators. Elevator riders good citizens, good liberals and not substantially different from those outside elevators. N.B. It is rumoured that the Prime Minister sometimes uses elevators."

Signed, Ted Rogers.

Thank you. What is the difference between "elevator music" and "Candlelight and Wine music." Well, we do not need to pursue that.

I would like to ask you, however, with your format, which you describe as "Candlelight and Wine," presumably you will like to be the most listened-to station in Toronto.

I put the question to Allan Waters when he was here with his group from CHUM the other day: he thinks that his programming format would eventually allow his station to overtake CFRB for the first place in radio.

I would like to put the same question to you. I put it to you, mindful of the campaign which you recently ran and of which I should inform the Senators. CHFI ran a very extensive advertising campaign throughout Metropolitan Toronto in newspapers, billboards and so on, "Look what CFRB listeners are missing", and of course what CFRB listeners are missing are features which are on CHFI.

As I said I put the question to Allan Waters. Let me say in fairness he said he could. Do you think you can overtake CFRB with this programming format?

**Mr. Rogers:** Well, I think a radio station reflects the personality of those that are involved with it and whether we are ever one day number one or number five, the station is successful and it fulfils a role in the community.

We wanted to serve a certain segment of the community, the adults, people whom we say value their time intelligence. Always you want to be number one, but I must confess to you we would not give up our objectives of serving people that we have served for 10 years and our desire to continue to serve, for the simple answer of becoming number one.

I think that people's taste is changing. I hesitate to use the word "improving" because in our market we have excellent radio stations. If anybody ever does beat CFRB with the tremendous programming and management that that station has always had, then they will deserve to be congratulated by all concerned.

**The Chairman:** Was the "Look what CFRB listeners are missing" campaign a success?

**Mr. Rogers:** Yes, it was. I would recommend to the Senators a book called "Up the Organization."

**The Chairman:** I have read it. Why did you buy a radio station in Hamilton and why did you sell it?

**Mr. Rogers:** Oh, boy. Quickly...

**The Chairman:** I am sorry time is short.

**Mr. Rogers:** ...I am an enthusiast. We did not frankly recognize—I did not recognize how extensive cable would be so we had an opportunity of going in to Hamilton and we took it.

I found that I was so involved in cable and we did not want to dilute our activities at CHFI, we felt it was better to sell it. It was not successful. We found we were doing too many things at the same time.

**The Chairman:** Was the Hamilton station programming like CHFI with "Candlelight and Wine music"?

**Mr. Rogers:** It was at the beginning. We thought we were so clever we could just impose what we were doing in one market on another. We found we were not so clever.

**The Chairman:** Did I understand from something you said in your opening remarks, Mr. Graham, that Mr. Rogers is no longer involved in CFTO or is that a personal involvement?

**Mr. Graham:** Mr. Rogers was, if I may so describe it, a chartered shareholder in CFTO and has been a director of Baton Broadcasting since its inception.

As a result of the ruling of the Canadian Radio-Television Commission that the Baton interest should withdraw from cable, it was mutually decided that there would be, what I might call, a mutual divorce in that Mr. Rogers withdrew from the television interest as the Baton-Bassett interests withdrew from cable and there is a complete severance.

**The Chairman:** I only have a couple more questions. You have been rather critical today of the newspapers and the coverage they have given the CRTC hearings, and you made a particular reference to CAB.

It is a fact, however, that both CFTO and the Bushnell interests have, as I understand it, withdrawn their membership from CAB.

Surely that is a legitimate news story?

**Mr. Rogers:** Yes.

**The Chairman:** Do you share the concern of Mr. Bassett that CAB's approach to the CRTC was not in CAB's best interests?



**Mr. Rogers:** I think I share the concern of all broadcasters. I must quickly say this—and I am not spokesman for the CAB—but the CAB is like a political organization. It overly represents the smaller areas, the rural areas, the small stations and so forth.

**The Chairman:** About which political organization are you speaking now when you make that comparison?

**Mr. Rogers:** And it speaks for the small broadcasters and small broadcasters today in small markets are greatly frightened and there is no other word for it.

They see regulations that would increase their cost. They see regulations that would reduce their income. They see tax proposals to treat them on the full rate of tax for the first \$35,000 of earnings.

The small broadcasters in this country are, in my view, frightened people, and the CAB presentation to the CRTC may not have been sophisticated and it may not have said the right things but I think it did honestly reflect the membership representation of small stations, of which I am not one and Mr. Bassett is not one. You can resign, if you will, but it is important to understand what the problem is. These people are frightened.

**The Chairman:** My last question should properly be put to Mr. Lind. However, I will put it to you and I would like you to answer it because of your own background in politics. There is a great deal of discussion and interest about the possibility of television cameras entering the House of Commons and/or the Senate, committees like this, and so on.

With your experience in broadcasting municipal councils in and around Metro, do the politicians perform differently because they are aware of the presence of the camera?

**Mr. Rogers:** The first couple of days probably the honest answer is "Yes".

**The Chairman:** Then they learn to live with it.

**Mr. Rogers:** Then they learn to live with it and cable is broadcast in black and white and we do not need the lighting. Therefore, we are pretty inconspicuous. We have smaller cameras than the big networks so would have no effect at all.

For a meeting such as this we frankly should be here if we are doing our duty, if you would permit us.

**Mr. Lind:** May I make a comment, Senator?

**The Chairman:** Yes.

**Mr. Lind:** We are playing with a format now, we hope to start perhaps by September, with one Council group meeting in Bramalea. That is, that we will telecast the Council meeting live and then they will tape phone-in questions right after the meeting is over.

In other words, this is a real instant response mechanism. Each individual member will be questioned on why he voted that way and why he said that kind of thing. I think this will be pretty exciting political television.

**The Chairman:** Maybe fewer candidates for election.

**Mr. Fortier:** Mr. Rogers, in a talk to the Progress Club of Canada in January, you were quoted as saying—and this is a question supplementary to many of the things which have been said in the last half an hour:

"Cable television is Canada's most powerful means of communication and"—I underline the next few words—"of national unity and it is being given away to Americans."

This is in January, 1970, long after the government edict on foreign control of broadcasting and cable companies.

(a) What did you mean when you said that cable television was Canada's most powerful means of national unity and (b) how in January could you have referred to the systems being given away to Americans?

**Mr. Rogers:** Well, when you give a long speech, that was about 40 minutes on the microwave issue and many other points, they narrow it down and so forth.

I would like to comment on that. It was not quite in context. As a nationalist, a nationalist in this country has to be not really anti-American as pro-Canadian. Surely in cable it is a perfect example of our own temerity and lack of courage to involve ourselves in this new industry. The industry was given away or taken by the Americans and at the time of the speech, and, I think, as of right this moment, the ownership is still with American interests. It is in the process of transferring by forced regulations with which I agree, but I hope that Canadians could be given some incentive in the future, to not have to pass regulations to take back what we should have had the courage to develop in the first place.



**Mr. Fortier:** So you are really speaking of past experience and hoping it will not repeat itself in the future.

In what way are the cable systems or CATV systems, yours more particularly, contributing to the development of national unity as a part of the Canadian broadcasting system?

**Mr. Rogers:** I think in a word or two our role is more in-depth reporting and background issues, the covering of the full news conference in the news building rather than a forty-second clip; the distributing of it to all the cable systems across the country. We cover one million homes now and the other commercial television stations, the off-air television stations simply do not have the time to do this, so I think you are going to see offered to the Canadian public a much greater volume of good Canadian programming of interest.

Now, this will be political. I think it will be sports. I think it will be musical. I think it is going to be pretty exciting. Now, whether they will watch it or not depends upon our ability but I think they will and we will be able to offer the whole picture rather than just clips.

That is why I think we will make a contribution to national unity.

**Mr. Fortier:** You have done many exciting things in the short 12 months you have been authorized to do it but what have you done during that period, for example, to bring home to your viewers who are wired into your system and increased awareness of what is happening in the Province of Quebec?

**Mr. Rogers:** We have started reflecting and mirroring the community itself. That is a straight answer.

**Mr. Fortier:** The Quebec community?

**Mr. Rogers:** ...with an interchange of programs with Mr. Jarman and others in different markets will, I think, be the next phase.

There are not too many cable systems yet producing local programming. Mr. Lind may comment.

**Mr. Lind:** Vis-à-vis Quebec, I really feel, as far as I can tell anyway, the finest presentation of Quebec contemporary thought is offered by the St. Lawrence Centre in Toronto under a grant from the Canada Council,

and we do all that "Exchange Quebec" series and offer it to our other cable systems as well.

**The Chairman:** Thank you. I feel I should apologize to the Senators and also to the witnesses that in the last few minutes we have been forced to ask you for shorter answers. Yet in a sense that is always a good sign because it indicates there has been considerable interest in your presentation. I think that has been self-evident this morning.

I am sorry we did not schedule our programming to allow ourselves more time with you, but we have not. We have another witness that we are looking forward to hearing. We must now turn our attention to that presentation.

I would simply repeat the remarks that I made at the outset; that Rogers Broadcasting Limited and all of its ramifications are naturally of great interest to this Committee. The broadcast industry sometimes, as you have pointed out, seems to live in fear and trembling. They should not live in fear and trembling of this Committee. We feel it is a positive factor for broadcasters to be represented at this hearing and to demonstrate the real role they play in the overall media picture, so Mr. Graham, thank you. Thank you, Ted, and through you, could I thank you colleagues?

**Senator McElman:** Mr. Chairman, may I suggest that since there are so many areas on which the Rogers group could give us useful thought and since we do not have a brief from them, would it be too much to ask perhaps that they go into some of the areas we have not been able to cover this morning, or indeed go further into more of the areas we have attempted to cover and put this information to us in the form of a brief?

**Mr. Rogers:** Absolutely, sir.

**The Chairman:** We would be grateful if you could do that. That is a good suggestion, Senator McElman. Thank you.

**Mr. Rogers:** I would like to just thank you, Senator, and the Committee for the opportunity to be here. This has been a tremendous catalyst to the broadcasting industry. I am a younger member of it, and what you have done, I think, has excited the industry. It has given us a chance to participate and discuss and feel part of the whole regulatory process and I think it is winning a tremendous

amount of favourable comment in the industry.

Probably nobody ever tells you this, and I would just like to express their appreciation.

**The Chairman:** Thank you very much. May I suggest to the Senators, that we adjourn for only two or three minutes. Thank you.

Short recess.

**The Chairman:** Honourable Senators, if I may call the session back in order. May I remind you while I am getting my notes in order here that the meeting this afternoon is at four o'clock rather than 2.30, also it is upstairs in Room 356S.

The brief we are going to receive this morning is from Jarmain Cable Systems Limited. In a sense the introduction is easy and in a sense it is one of the most difficult I have had. It is easy because everybody is Jarmin. It is difficult because one is Ed, one is Ted, and one is Eric. I will attempt to sort them out for you.

The Chief Spokesman, on my immediate right, is Mr. Ted Jarmain, President of Jarmain Cable Systems Limited.

On my immediate left is the Chairman of the Board, Ed Jarmain, and seated to the left of Mr. Edwin Jarmain is Eric Jarmain, who is a director of Jarmain Cable Systems Limited. The chief spokesman is Mr. Ted Jarmain, seated on my right.

Mr. Jarmain, the presentation you were kind enough to send along in compliance with the guidelines has been studied by the senators. We would like to ask you questions on it and also to ask you questions on your oral presentation which I know you now intend to make. Welcome. Thank you for coming. Why don't you proceed?

**Mr. Ted Jarmain President of Jarmain Cable systems Limited:** Mr. Chairman, Honourable Senators, I would like to touch just briefly on the highlights of my brief and then spend a few moments discussing some issues that are raised by the developments in Canadian broadcasting during the past several weeks.

As you know, Jarmain Cable Systems Limited is a new company formed to consolidate the Jarmain group of cable systems in Southern Ontario and to bring these cable systems into compliance with the Canadian ownership requirements under the Broadcasting Act. While the CRTC's proposed new

guidelines for cable television systems have not exactly facilitated matters, Jarmain Cable Systems plans to acquire the individual operating companies in the Jarmain Group with a concurrent offering of shares to the Canadian public.

In my brief I have placed particular emphasis on the new programming role of cable systems. We and others in our industry are leading the way in participatory broadcasting, in giving the public genuine access to the means of communication. We are spending considerable energy to motivate individuals, groups, institutions, and public authorities to communicate with the community through the medium of cablecasting. And I am pleased to report that our efforts are meeting with some success. As an example of what is being done I outlined in my brief our London system's programming for one week in early March; a copy of this weeks programming schedule is attached to the printed text of my remarks here this morning.

I believe that cable systems should be permitted to carry advertising to help offset the costs of cablecasting. Cable systems would, I suggest, generally complement rather than compete with other broadcast advertising media. In some cases they would serve the requirements of the local retailer who neither needs nor is able to afford the broad coverage of a television broadcasting station. In other cases they would offer local businesses a broadcast advertising medium where no radio or TV station presently exists. We want more and better Canadian programming and yet our resources are limited. We simply cannot afford to ignore any potential means of support for the additional Canadian programming we desire.

Still on the subject of cablecasting, there is a problem to which I would hope this committee might direct its attention. There is a growing feeling in Canada that participatory broadcasting should be encouraged, that the public should be given access to the means of mass communication, that the mass media should provide a place where diverse opinions can be freely expressed. I am proud that cable systems are taking some real initiative in this area. However, on the other side, we have a Broadcasting Act that says broadcasters are responsible for the programs they broadcast. We also have libel and slander laws that may place onerous liabilities on us. We have a new hate bill. And so on. It seems to me that the two notions are inconsistent.



How can I give you free access to the means of communication and the opportunity of free expression if I am going to be held responsible in one way or another for what you say? The pressure on us as cablecasters to be in control of what is said makes it more difficult to achieve the goal of genuine public participation. I am not a lawyer but I would hope that legislation could be developed to give the cable caster reasonable protection.

In my brief I went on to anticipate some of the developments that are likely to occur in cable television in the 1970's, such as:

- ability to carry 27 or more channels
- optional services on a channel-by-channel basis
- rental of cable channels to others on either a part-time or full-time basis
- cable advertising
- programming networks for cable television
- point-to-point and limited network services
- facsimile information services for the home including newspapers, magazines, possibly delivery of mail, access to library books, shopping information, and so on.

The future possibilities for cable are exciting indeed.

Let me turn to some of the issues raised by the developments of the past several weeks. I would like to begin by referring to the Broadcasting Act which places certain responsibilities and constraints on cable systems, on broadcasters and, for that matter, on the CRTC.

It says that broadcasting undertakings in Canada including cable "constitute a single system". While it gives some priority to the national broadcasting service—that is, the CBC—it otherwise treats cable systems and broadcasting transmitting undertakings with equal importance.

It says that "the right of persons to receive programs, subject only to generally applicable statutes and regulations, is unquestioned". I believe that this is especially pertinent to cable television.

It says that the programming provided by the Canadian broadcasting system including cable should be "varied and comprehensive". This, of course, is why cable television exists.

It says that broadcasting transmitting undertakings—that is radio or TV stations—should provide programming that uses "predominantly Canadian creative and other resources". It does not place a similar requirement on cable systems nor should it in my opinion. I would, however, expect that cable systems would in their local programming use Canadian resources as a matter of course.

It singles out the national broadcasting service—that is, the CBC—and says that it should contribute to the development of national unity and provide for a continuing expression of Canadian identity. It does not place a similar requirement on cable systems although cable systems are making a worthy contribution—through their local programming and their showing of National Film Board films, for instance.

As we look to the future I would also anticipate development of Canadian networks that would again facilitate this Canadian flow of information.

It is in relation to this Act that, for the time being at least, we must view the role of cable television. My personal feelings—and I don't think they are inconsistent with the Act—are as follows:

Cable television's most basic and most valuable role lies in providing a "varied and comprehensive" selection of television viewing choices, in fulfilling "the right of persons to receive programs". This role is fully supported by the Act.

At the same time, I would agree that we may, in certain cases, have to allow for a trade-off between objectives. For example, where cable television might seriously injure an existing service the benefits of each would have to be weighed. Here, however, I believe that the onus of proof should be on the objector. I am afraid that some broadcasters have been using cable as a "red herring".

I will just digress at this point and give you an example of the kind of thing I mean. There was a report carried in the *Globe and Mail* on Tuesday April 21st in Blaik Kirby's television column, reporting on the CRTC hearings and CTV's presentation to those hearings and it said in this report:

"The spread of cable tv has already begun to weaken Canadian stations hold on the audience both in Toronto and Vancouver. According to CTV it has slipped since 1968 from 69 per cent to 59



per cent in Toronto and from 57 per cent to 51 per cent in Vancouver."

I decided to try to do a little checking on the statistics. They agree with statistics that were presented to this committee, I understand, a couple of days ago. Let me put it this way: to put it nicely I think the numbers are misleading. It depends on which particular month you pick. If you had picked another pair of months we would have found the increase almost just as large in the other direction. If you take an average, which I think is what you have to do in this kind of thing, the change between 1968 and 1970 in the Toronto market just has not been significant.

To the best of my knowledge, none of the broadcasters in the regions where we operate are suffering as a result of cable.

Not only does cable contribute directly to the accomplishment of the objectives of the Broadcasting Act, it can, as I will shortly explain, also help Canadian broadcasting stations to achieve their potential. It seems to me that if we try we can surely find ways in which Canadian broadcasters and Canadian cable systems can work together for the common good. Broadcasters have perhaps been preoccupied with the problem of audience fragmentation. But increasing fragmentation is really just the other side of increasing viewer choice—which, in my opinion, is both desirable and inevitable. I believe that a challenge and opportunity for Canadian broadcasters lies in increasing audience by providing increased viewer choice—both in the stations home market and in markets some distance away. And in this as well as other respects cable can help a great deal.

Let me list some examples:

—Cable systems could make time on a cable channel available to Canadian broadcasters on some reasonable basis. Broadcasters would program at this time with new and/or repeat material and derive advertising revenue therefrom.

—Cable systems could carry more distant Canadian stations—relayed by microwave, if necessary. While there would be no purpose in this to the extent that the stations were network duplicates, the availability of greater potential audiences might lead to a greater variety of Canadian programming in the aggregate.

—Cable systems could pick up and distribute *selected* programs from distant

Canadian broadcasting stations. Microwave could be used, if necessary. Thus, even a small station might undertake the production of a few fairly ambitious programs in the expectation of having a large audience during a particular time period.

—When local advertising of one market is received in another market there is a considerable economic waste. The broadcaster in the local market could make arrangements to substitute local commercials for the local commercials of out-of-town stations being carried on the cable. The cable company could perform this substitution or provide the broadcaster with an appropriate input point for making the substitution.

—Some cable systems carry two stations affiliated with the same Canadian network. If one of those stations could delay its network broadcasts (other than time-perishable programs) such as the news, then the audience of both stations would be increased. Even if the off-air broadcasts were simultaneous the cable distribution of one station might be delayed.

—A cable system could carry those portions of the CBC network feed not being carried by the local affiliate station, thereby decreasing the need for the establishment of an additional station to give the CBC full exposure.

—Where several channels are carrying the same program simultaneously cable systems (or at least larger ones) could put the signal from the local station on all of these channels. This would give the local station multiple exposure and enable it to derive maximum advertising revenue. Or where different programming was available—repeats of earlier Canadian broadcasts or cable originations, for example—then the channels normally used for the temporarily redundant out-of-town stations could be used for this purpose.

These are just some of the opportunities for cooperation between broadcasters and cable systems for the overall benefit of the Canadian broadcasting system. I hope that others may be persuaded to think constructively along these lines.

**The Chairman:** Thank you very much, Mr. Jarman. I think the questioning this morning is to commence with Senator Prowse.

**Senator Prowse:** Do you mind giving a quick rundown? I know you have it here. How many areas do you cover at the present time?

**Mr. Ted Jarmain:** Our group of companies serves 9 Ontario communities, that involves five separate cable systems. The principle communities are London, Brantford, Newmarket, Oshawa and Chatham.

**Senator Prowse:** And what is it, about 39,000 households that you have?

**Mr. Ted Jarmain:** That would be the number of households in London. The total number of households in the entire group of systems would be 66 to 67,000.

**Senator Prowse:** What percentage of the TV sets, the TV receiving sets in your general area are now covered by cable ?

**Mr. Ted Jarmain:** Overall average for all of the system?

**Senator Prowse:** Overall is good enough. If you want to give specific figures that might be better.

**Mr. Ted Jarmain:** It varies widely, of course, depending on the market, the age of the system, and so on. The average for the entire group of systems at November 30th, 1969 was 62 per cent. That ranged at that date from a high in London of over 80 per cent to a low in Chatham of 35 per cent.

**Senator Prowse:** Do you see the situation developing where all of the TV will be carried by cable rather than by antenna?

**Mr. Ted Jarmain:** No. I think that some people tend to become confused here. A broadcasting station is much more than a transmitter. I suppose in the early days of broadcasting a transmitter was it but of all the things that go to making up a television station today a transmitter is obviously only a small part of it.

I think transmitters are and will for the foreseeable future continue to be an efficient way of distributing signals to outlying areas. Already in urban centres, such as London, we find as a practical matter most of the broadcasting is being received over cable but I don't see why we need to get hung up on the technical means of distribution here.

I think we said in our brief that in our opinion the important function that the

broadcaster fulfills is providing programming. That need certainly is not going to go away.

**Senator Prowse:** He provides the programming and really what you provide is the specialized distribution system for the programming.

**Mr. Ted Jarmain:** That is right.

**Senator Everett:** Does that make you then just a common carrier in your concepts?

**Mr. Ted Jarmain:** The words "common carrier" are somewhat loaded. We are a distributor. Traditionally cable systems have been distributors whereas TV stations have been the producers.

**Senator Everett:** I notice in your verbal evidence you seem terribly concerned with accommodating the broadcasters whom you characterize as programmers and so concerned, I get the impression, that you are interested more in distributing what they program than you are in taking a position yourself, although in your written brief you talk about the position you are taking in programming.

**Mr. Ted Jarmain:** I think it is important to distinguish between a cable system and a cable company. A cable system is a communications network that has absolutely no programming ability whatsoever. It is a network of wires that takes signals from a single location out to many locations and cable systems are today, and as far as I am concerned will indefinitely continue to be, distribution facilities.

Now cable companies, on the other hand, are organizations with people and so on, financial resources, and are capable of creating programming to feed into the distribution system. The cable system proper is and always will be a distribution system, a communication system.

Originally it was established as a community antenna, hence the words "community antenna television" and that is still by far its most important function, providing people with a way, a better way of receiving a variety of signals that are coming through the air.

I think we made it clear in the brief we view cablecasting as an important developing role for cable companies. We in no way see that displacing the distributors' function that is performed by the network.



**Senator Everett:** Or being overly competitive with the present broadcasting system?

**Mr. Ted Jarman:** No, I don't see that there is a strong competition there at all. I view cable as the broadcasters' ally and if it is not working that way we ought to find a way of making it work that way.

What cable is doing is providing subscribers with a wide range of choice. Cable subscribers want choice, they want variety, they want good programming and it is the broadcasters' job to make that kind of programming.

In our distribution role we have been in the middle, trying to get good programming from the broadcasters to the people who want to watch it.

**Senator Prowse:** When salesmen go to sell cable service what point do they emphasize?

**Mr. Ted Jarman:** Speaking generally now, I think there are three main points and the emphasis would vary depending which market: more channels, better quality reception, no antenna.

**Senator Prowse:** And "no antenna" saves them an outlaw of money and then the "better quality" means you don't have the ghosts and trouble and you get a good picture no matter which channel you get.

As between the better reception and the more channels, have you found that one of those is more effective than the other or not, in selling service?

**Mr. Ted Jarman:** I think it depends quite a bit on the market that you are talking about. I have an interesting analysis here in Chatham Ontario. The off-air reception—people with their own antennas could get 18 different channels.

**Senator Prowse:** Including UHF?

**Mr. Ted Jarman:** Yes. That includes six in Detroit; five in Cleveland, Windsor, London; three in Toledo and Lansing and Erie, for a total of 18 different channels.

Cable brings them 11. Obviously what we are bringing is better reception.

**Senator Prowse:** I was going to say, do you get any UHF overlap in those on the ordinary 12 channels?

**Mr. Ted Jarman:** We bring some of the UHF stations in and put them on the ordinary VHF channels.

**Senator Prowse:** If I were listening there could I get 18 channels with an antenna of my own in Chatham?

**Mr. Ted Jarman:** That is what I was saying.

**Senator Prowse:** There must be some overlap.

**Mr. Ed Jarman:** Yes.

**Senator Prowse:** I get two programs, one better than the other on the same channel?

**Mr. Ted Jarman:** Occasionally—No, I don't think so.

**Senator Prowse:** You follow what I am getting at?

**Mr. Ted Jarman:** This includes a fair number of UHF channels. None of the 18 are on the same channels.

**Mr. Ed Jarman:** All differently assigned channels.

**Senator Prowse:** When you put those on to cable ordinarily I think you put a different cable on the channel than on the air. Am I correct?

**Mr. Ted Jarman:** I think other things being equal that we would try to put a station on the same channel on cable as we do on the air. There are a number of factors that sometimes prevent us from doing that. You cannot on the cable use the same channel that the local broadcasting station is on.

That cuts out one. If you have a UHF channel coming off-air obviously you have to convert that. There are somethings that change it around.

**Senator Prowse:** When you talk about going to 27 channels what period in the future are you talking about?

**Mr. Ted Jarman:** Since the beginning of last year, all new construction that our company has been doing has been 27 channel construction. We are not yet using that capability in a 27 channel mode but we realize that we are going to have to prepare ourselves for that.

I might just add that I heard Mr. Switzer speak yesterday and I am afraid I cannot agree with his views on the difficulty of the problem of adapting to 27 channels.



I think our industry particularly in Canada has been much more progressive than it has in the United States and has shown amazing ability to adapt. The technological development has been very rapid and I think, in general, they have been able to cope very well. Much of the technical planning in the cable industry was done in Canada; in fact by people like my father—he would not say it but I will.

We are quite confident of our ability to cope with the move to 27 channels. In fact I would make the opposite point. I think when you have a rapidly developing technology, what you cannot afford to have is large companies because they cannot move nearly as quickly as small companies. You see it in a number of fields where you have rapidly developing technology that the small companies are the ones who are most able to adapt. If you have a huge monolithic organization it would take them 15 years to get around to figuring out the right way to do it and by that time we are into an entirely new area of communications.

**Senator Prowse:** In other words, you would agree the present situation, where you have the country pretty well fragmented in a lot of small cable companies, may serve the public interest better than letting there be a concentration in the same area, for example?

**Mr. Ted Jarmain:** I think it is a matter of degree. As I understood Mr. Switzer he was saying we need companies five, ten times as large as the largest today. I don't agree with that.

On the other hand, I say that the small cable operators in Canada—the small cable systems in Canada is a man and boy kind of operation and it is not going to be able to cope.

**Senator Prowse:** If it is too small it cannot operate?

**Mr. Ted Jarmain:** Yes.

**Senator Prowse:** What channels have you available for your own cable casting today? How many channels do you have on an average?

**Mr. Ted Jarmain:** I think in all the systems we have or shortly will have, one channel fully dedicated for cablecasting.

**Senator Prowse:** And that would be then dedicated to serving the particular area and

giving a limited service which is not now available by the larger general broadcasting companies? Am I correct?

**Mr. Ted Jarmain:** Yes, that is correct. Just as an example we attached a program schedule to the copy of the remarks I made here this morning. If you looked at the last page of the those pages you will see that in London this week we will have a total of 45 hours of cablecasting, of which 17 hours is new local origin material; 10 hours 30 minutes is repeat of that; 11 hours is imported material; and seven hours is repeat of the imported material.

**Mr. Ed Jarmain:** I think the word "imported" is a little unfortunate. They may think it is U.S. or foreign import. We don't mean that. It is imported into London.

**Senator Prowse:** In other words, you see the possibility of a completely complementary service without it being in competition with the present broadcasters? In other words, what you would do is add something that they are not able to add to the present mix that the public are able to receive.

**Mr. Ted Jarmain:** Yes. That is certainly our intention now. What that is may depend on the market that you are in. I mentioned that we operate a system in Newmarket, Ontario, for example. There is no TV station in Newmarket, Ontario and there is not likely to be one.

I cannot think of any reason why there should be any constraints on what goes over the cable casting channel in Newmarket. If a cable system is able to fill and provide some of the kinds of programming that the broadcaster would provide if he was there why should they not do so?

In a market like London I would hope our programming would be complementary. I am not saying there is not going to be any competition. I don't think that would hurt.

**Senator Prowse:** What I am particularly interested in is the area in which you state in both your brief and your written material that at some stage you felt you should have access to advertising revenues. We have heard from other people the fact that there are local merchants in a local area who would like to be able to buy this type of time for advertising service but don't want to have to buy the whole metropolitan area for a local service.

Now do you follow what I have in mind and maybe you can explain your position?

**Mr. Ted Jarmain:** I think that point sort of follows along in part from what I just said. It seems to me that the kind of advertising that would be appropriate on the cable in London might be a different kind of advertising than would be appropriate in Newmarket. Frankly if there is a national advertiser willing to advertise on cable in Newmarket where there is no other broadcast media—why shouldn't they?

**The Chairman:** Mr. Jarmain, you say there is no other broadcasting media but Newmarket surely, if it is not part of Metropolitan Toronto, you know, it is on the fringe of Metropolitan Toronto and I am sure the radio and television homes in Newmarket go into the mix when the radio stations and television stations in Toronto are purchased.

Strictly speaking you are right.

**Mr. Ted Jarmain:** I guess I would have two responses to that. First of all, I think we would all agree that the programming service that might be provided locally in Newmarket would be much more deserving of the advertising than that which would cover the entire Toronto region.

The second point is, speaking of Toronto in particular, I haven't heard the stations were hurting.

**The Chairman:** That is a very good answer. Do you have a supplementary, Mr. Fortier?

**Mr. Fortier:** Speaking of the London market, have you heard some stations in London were hurting? To name one which comes to mind, CFPL. We heard from them that they love you but they suffered.

**Mr. Ted Jarmain:** Well...

**Senator Prowse:** It is a costly love affair.

**Mr. Ted Jarmain:** I didn't hear what they said so I can't respond to that. I don't think that they have suffered financially, if that is what is at issue here.

I have here a transcript from the September 1968 hearings of the CRTC in which Mr. Brown said at that time...

**The Chairman:** When was this?

**Mr. Ted Jarmain:** September 1968. He said in his testimony:

"In the city of London alone there are two CATV systems in operation. In total

they provide nine channel service to 41,000 household units, or slightly better than 70 per cent of potential households. In Southwestern Ontario there are 23 cable systems operating or licensed."

Under examination from the Commission, Mr. Demers, the assistant counsel, said:

"Mr. Demers: How long has there been CATV in your area?

"Mr. Brown: It is about 16 years ago the first system started.

"Mr. Demers: Can you comment on any reference to your revenue position in the face of the CATV?"

"Mr. Brown: We have not suffered financially to this point."

I am prepared to develop this point as far as you would like to develop it.

**Mr. Fortier:** Let me get it back on course. Mr. Jarmain, you make a point both in your written and your oral submissions that Canadian broadcasters and Canadian cable systems should work together. It seems to me that London is an ideal market where this working together theory could be applied.

What have you done since you have been in London with the CFPL Broadcasting with a view to developing a harmonious complementary relationship?

**Mr. Ted Jarmain:** Well, just going to the first item there are a number of things that I could mention. The first item that occurs to me is that in the list of possible opportunities that I presented I said that a local television station could make use of a channel on the cable and that, frankly, is something that we have had very serious discussions with the CFPL organization about.

It is something that I think we have been prepared to do. I could in fact document this if necessary and perhaps submit some additional and supplementary information, if you wish it?

**The Chairman:** I think we would be interested.

**Mr. Ted Jarmain:** We have been prepared to do it and I think you would have to ask them but I think they might be well prepared to do it as well.

I think the kind of thing I am proposing is something relatively new, relatively unusual, and we have been in a somewhat uncertain

regulatory climate as of late and might be inclined to pursue it further if we saw more favourable signs.

**The Chairman:** May I just pursue this for a minute? London is the most heavily wired city in Canada; is that correct?

**Mr. Ted Jarmain:** I would think so.

**The Chairman:** And the subscribers to your system watch a great deal of television. Would it not be fair to say that prior to your arrival on the scene many of them at least would have watched CFPL?

**Mr. Ted Jarmain:** It wouldn't be fair. We arrived on the scene before. We arrived on the scene in the same month that television first started anywhere in Canada.

**The Chairman:** So you were there before CFPL television was?

**Senator Prowse:** They are shoeing in on you.

**Mr. Fortier:** Who is the chicken and who is the egg!

**Mr. Ted Jarmain:** I think that we would be misleading you if we didn't qualify that slightly.

**The Chairman:** However, we would not be misleading you if I pointed out to you, Mr. Jarmain, we have no brief for CFPL or for the broadcasters generally; just as we have no brief, as I am sure you appreciate, for the cablecasters.

I ask this question particularly having prefaced my remarks about not having a brief for CFPL or any other broadcaster, one way or the other. That is not the purpose of the Committee. Is it not a fact that if advertising were allowed on cable, and you suggest it should be, would that not have a devastating effect on a conventional broadcaster like CFPL-TV?

**Mr. Ted Jarmain:** I really didn't finish my earlier answer and you are coming back to it and I am glad you did. The kind of advertising that would be appropriate on cable I would think would depend on the market that you are in.

I am going back to my earlier answer. I can't think why there should be any constraints on it in a market like Newmarket or

Bowmanville, Ontario; if that in fact would support local programming.

There is not very much TV advertising revenue to be had in those places. In a market like London I would think the advertising service performed by cable ought to be one that is quite different than that performed by television broadcasting stations such as CFPL.

In a brief that we presented to the CRTC in February we stated, just as an example, we thought that the advertising might be totally divorced from the programming. As you know, most television advertising now is sport announcements salted in in the programs or in between the programs.

It is a particular kind of advertising, things like chewing gum and deodorant, cigarettes and beer and so on. It is not basically the kind of advertising that is directed toward people who are making planned purchases. We can envision an entirely different kind of advertising that is not generally occurring on broadcast television today; advertising that is highly informative, advertising that people would tune into, a half hour program, to learn about a particular product or a particular group of products, the kind of product someone plans to purchase.

**The Chairman:** Shopping prices at the Supermarket, for instance?

**Mr. Ted Jarmain:** That kind of thing is one example. As we said to the CRTC, in fact we have a program on Wednesday night or Thursday night when they carry all the food ads in the newspaper.

**The Chairman:** A lot of this would be local advertising?

**Mr. Ted Jarmain:** Local retailers but I don't think also that national advertising is precluded either.

**The Chairman:** May I ask you a supplementary question on local advertising? One of the matters which concerned the Committee has been the overwhelming position of the Blackburn interest in the London market. There is some "minimal"...that was the word I used about the extent of the radio competition; but there are other radio stations in London. Surely the revenue of those other radio stations in London substantially comes from local advertising.

If your system (a) moves into the local advertising business in London; (b) made



some kind of programming and/or advertising arrangement with CFPL Television might it not be a real danger that the local radio stations would disappear?

**Mr. Ted Jarman:** You have asked two fairly difficult questions. The first one is: I have not seen radio stations carrying the kind of programming that I have in mind either. They too carry spot announcements. The kind of programming that I am thinking about is a very serious kind of advertising.

You don't hear about Eaton's and Simpson's advertising in detail the kinds of specials that they are offering. They do that in the newspaper and not on the radio station. I cannot recall hearing of supermarkets presenting their wares on the local radio station either.

Another example of the kind of advertising I am talking about... let us say, for instance, in the wintertime you might have a half hour program going into some detail... let me take the summertime, it is getting closer to that season. People purchase boats and it seems to me that boats are a planned kind of purchase. You don't walk up and buy a boat on impulse. Most people who buy boats buy boat magazines and try to learn about them.

You might have an hour program some week digging into some considerable detail on boats: what are the parts of a boat? What does this make have in terms of those features and what does that make have? Now this would be a special and anybody interested in boats better watch the program on boats.

I can't think of seeing advertising on TV or radio of that variety. It is a kind of advertising that is totally separate from a cablecasting program. If somebody really wanted the information he would tune in on it and if he didn't he would never know it was there.

**Senator Prowse:** If the Chairman is through with his supplementary...

**Mr. Ted Jarman:** Maybe that answers the second question. Let me add one point to that. In saying that cable might make channels available, or time available to existing broadcasters, I was in no way intending to limit that to just television.

I don't know whether I did in the brief or not. The same kind of things could apply to radio. You could very well have local radio stations putting on programming on cablecasting channels.

**The Chairman:** Or local newspapers, weekly newspapers?

**Mr. Ted Jarman:** Sure. In fact right at this point in time one of our systems is in the process of discussions with a radio station to try and sort of marry cablecasting with the local station in a smaller market.

**Senator Everett:** Mr. Jarman, both you and Mr. Rogers have indicated if advertising is allowed, national advertising should be included. Do you not think that would tend over a period of time to destroy the local flavour that you are trying to develop in cable television?

**Mr. Ted Jarman:** Well, I think the trouble with this... I have sensed here in a number of questions that have been raised that we might split it up on national advertising versus local advertising and I agree there may be some sensible way to divide it up but that doesn't ring a bell with me, quite frankly. I go back to my boat example.

**Senator Everett:** There is a very simple way of dividing it up. Just say there will be no national advertising on cable television.

**Mr. Ted Jarman:** The logic of that escapes me somewhat. The boat example I gave, that might very well involve national advertisers.

I think the question is in a given market what kind of advertising service would complement rather than directly compete with advertising services now provided by existing broadcast media.

In Newmarket or Bowmanville there is no existing broadcast media in terms of local programming support so I would say no holds barred.

In a market like London you may want the kind of advertising that was complementary.

**Senator Everett:** How would you suggest that be regulated?

**Mr. Ted Jarman:** I think that, for example, we suggested in our presentation to the CRTC we envision in a market like London a different kind of advertising, not spot announcements but advertising entirely separate from the programming schedule.

**Senator Prowse:** On a different channel?

**Mr. Ted Jarman:** If you didn't have a different channel at least a different time of day, not in between the programs but a separate program or group of programs for advertising.

That kind of break it seems to me would do what you are looking for rather than simply arbitrarily saying local but not national.

I don't think that that concept about keeping advertising separate is necessarily so applicable in a market like Newmarket or Bowmanville.

Maybe it is going to be tough enough getting any advertising revenue there without placing too many difficult constraints on it.

**Senator Everett:** Let me ask you one more question: on the CRTC requirement that you black out certain programs, they suggest you substitute your own program material in those black-out portions. Do you think advertising should be allowed there?

**Mr. Ted Jarmain:** That question takes the lid off a lot of questions obviously. I guess my simple answer to that is I don't see that we are going to have blackouts.

**Mr. Fortier:** You don't see what?

**The Chairman:** He doesn't see we are going to have blackouts.

**Mr. Fortier:** Do you think your power of persuasion will be such that the CRTC will not enforce their regulations, not bring them into force?

**Mr. Ted Jarmain:** I have a few thoughts on the guidelines.

**Mr. Fortier:** Would you care to tell us?

**Mr. Ed Jarmain:** Before you start, Ted, perhaps Senator Everett either misunderstands the CRTC guideline or I may misunderstand the Senator.

**The Chairman:** Possibly both.

**Mr. Ed Jarmain:** The guideline as it now stands does not allow anything in place of the blackout, the guidelines which were announced by the CRTC recently. The idea of substituting something for the blackout program is ours and it is contained in our brief but that is not part of the CRTC policy at this point in time.

**Mr. Fortier:** There is nothing that prevents it in the guidelines.

**Mr. Ed Jarmain:** I believe there is.

**Mr. Fortier:** That is an interpretation. Of course there have been many interpretations

since April the 10th but I would suggest to you in sub paragraph 5 on page 3 of the guidelines there is nothing that says during the blackout you cannot substitute for the dark picture, a program produced by your system.

**Mr. Ed Jarmain:** I guess, sir, it was in the press briefing that Mr. Juneau held in which he said that for the time being there will be nothing in the blackout period. He did not indicate this would necessarily stay this way forever. I frankly think that maybe they had not thought what ought to be done about it.

**Senator Prowse:** They are going to limit the number of channels you can look at in a particular period.

**Mr. Ed Jarmain:** That is another aspect of it.

**Mr. Fortier:** I would be very interested in hearing your reaction to the April 10th proposals?

**Mr. Ted Jarmain:** The guidelines offer more to cities like Calgary, Edmonton, Sudbury that need to bring signals in by microwave from a distance head end. However it would be at least regrettable if the CRTC attempted to apply the guidelines in their present form in areas where cable systems could pick up signals out of the air with local head end.

I am encouraged that the CRTC is going to consider alternative proposals to these guidelines as they apply to areas where cable systems now operate. My views regarding the revisions that should be made to the guidelines are as follows. It must be recognized that certain provisions, such as blackouts and the deletion of stations, would be intolerable to the Canadian public now receiving cable service and to the cable systems providing it. The public will not stand being deprived of services that it has enjoyed for a long time, in some cases for as long as 18 years.

**Mr. Fortier:** Excuse me interrupting. What is the service of which the viewing public would be deprived under the guideline?

**Mr. Ted Jarmain:** The viewing public would be deprived of the service of being able to view Bonanza on Sunday night or whenever—they would be able to view it Friday night but maybe they are bowling on Friday night.

**Mr. Fortier:** That is what we are talking about?

**Mr. Ted Jarmain:** Yes.

**Mr. Fortier:** You agree the selection of the time insofar as the viewer is concerned is the only matter which is taken without his realm of choice?

**Mr. Ted Jarmain:** Well, the guidelines also make some suggestion about the deletion of stations. CRTC has left itself tremendous discretionary power in the guidelines in terms of the number of stations that might be carried so it is a little hard for me to be too explicit about that. Perhaps if I could go on: It must be recognized, in any case, such provisions simply would not work.

In many areas where cable systems now operate the public could and would revert to rooftop antennas.

It must be recognized that cable is providing a valuable service—a service that, in the minds of the public and in the context of the Act, ranks equal in importance with other parts of private broadcasting. It must be recognized that it would be wrong to pre-judge the issue of economic injury to broadcasters—injury which, I am quite sure, has not generally occurred. According to the guidelines cable services would be drastically curtailed unless the CRTC was persuaded in individual cases that they should not be. Assumption of guilt until proof of innocence would not be just.

It must be recognized that the uncertainty that has been created is presently frustrating the ability of the cable industry to obtain public financing in Canada—an objective that has been supported by the Secretary of State and the CRTC and an objective that must be achieved if we are to meet the Canadian ownership requirements which come into effect September 1st.

And finally, it must be recognized that the guidelines should, insofar as possible, be positive rather than negative. They should motivate the people to be constructive rather than threatened. They should encourage cable to facilitate the development of Canadian broadcasting instead of inhibiting cable viewing. There are plenty of opportunities for cable to complement the activities of Canadian broadcasters. In an effort to be constructive I have already given you a number of examples. I am sure that even better ones could be suggested.

I am certain that the objectives of the Broadcasting Act can be achieved without adversely affecting the valuable service being

provided by cable systems. And I am entirely optimistic that the interests of our three to four million cable viewers will continue to be served.

**Mr. Fortier:** These remarks seem to be directed at more than the guidelines that I have read and which are dated April 10th. Am I wrong? Are you referring also to the earlier...

**Mr. Ted Jarmain:** No.

**Mr. Fortier:** Notices issued by the CRTC?

**Mr. Ted Jarmain:** No, I don't think so.

**Mr. Fortier:** Well, let us look at the guidelines, shall we?

**Mr. Ted Jarmain:** Yes.

**Mr. Fortier:** Can you show me in the guidelines the items which you particularly take issue with insofar as they restrict your viewing public from enjoying a service which he is enjoying today, which you are providing to him today? You have already explained one, that is the selection of the time. I may wish to see Bonanza on an American channel at a time more convenient than when it comes over the CBC station. I grant you that. What other?

**Mr. Ted Jarmain:** I think the other single most important area would be the question of the number of stations that might be carried.

**Mr. Fortier:** Page 3, item 2?

**Mr. Ted Jarmain:** Two and three.

**Mr. Fortier:** Yes. In three, of course, the door is left open. The commission may authorize the CATV system to carry programs from more than one... This is not a firm proposal such as the item 5, the blackout one.

**Mr. Ted Jarmain:** I think that you are right. The door is left open here. My philosophy, I think, would lead me to think you should not shut doors and then open them this way but if it were necessary in a particular case to restrict the number of channels then that should be the decision that is taken rather than taking the negative approach and saying this may not be done unless you demonstrate it should be done.

**Mr. Fortier:** Any other?



**Mr. Ted Jarmain:** I could go into finer detail but I don't really think that would serve any useful purpose at this point.

**Senator Everett:** We are informed that the CRTC does encourage—and we may be wrong in that information—CATV operators to program in the blacked out area. Let us assume for a moment that is correct. Forgetting you are opposed to the blackout, if the blackout happens do you think it is sound to program in that area and if it is sound do you think advertising should be sold by the CATV operator?

**Mr. Ted Jarmain:** I think we have to perhaps distinguish between the kind of "seven-day each-way blackout" that is suggested might be implemented here and another kind of blackout which might be simultaneous blackout. In other words, if two programs appeared simultaneously, say Ed Sullivan on Sunday night, then the local station would be given precedence. In fact in my remarks I said I thought it would be a good idea. I still stand by those remarks.

We are talking about a situation of Bonanza appears one night on one station and another night on another station.

I don't at all believe that allowing a cable company to program in those times and allowing a cable company to solicit advertising for those times solves the problem. I think the basic problem still remains that the general public would be, to say the least, offended by a situation where it was not able to receive on cable what it could easily receive with its rooftop antenna.

**Senator Everett:** If you are required to blackout then you don't believe that programming should be substituted?

**Mr. Ted Jarmain:** Well, the question is, as I said earlier, I am sure we can convince the CRTC there are other ways to accomplish the objective the CRTC wants to accomplish. I am not prepared to admit to myself or to you at this point that we are going to have blackouts. Obviously if you had blackouts, programming with advertising would be better than no programming with advertising but it doesn't solve the problem in any significant way.

**Senator Everett:** Could you answer one last question on advertising. If the cable system requires revenue, which it does, is there any priority in your mind between subscriber

fees, local advertising, and national advertising?

**Mr. Ted Jarmain:** Could I answer you between subscriber fees and advertising?

**Senator Everett:** There may be a third area where you talked about the broadcaster rents the channel from you.

**Mr. Ted Jarmain:** If I could just talk about subscriber fees versus advertising and not try to make a local-national distinction, which I have indicated I don't think is the most sensible way to view it.

My view would be that we ought to develop the advertising route to the extent that it can be successfully developed without simply taking money from one area and diverting it to another.

My view is there is substantial advertising revenue potential available. If you go back to the Firestone report, Dr. Firestone talks about a tremendous growth in the demand for advertising. I think \$90 million in 1965 and \$300 million in 1975.

He goes on to point out that that potential will not be realized unless sources of advertising service are opened up in the broadcast media. In other words, you cannot simply achieve that increase in revenue for the industry by increasing rates of individual stations that exist because they price themselves out of the market in relation to other media. He pointed out in that study you would clearly have substantial increased availability of advertising, a supply of advertising, in economic terms.

I think if there is a potential there and if there is a means of support for advertising in cable programming we are sure foolish not to take advantage of it, foolish as Canadians. It just doesn't make any sense not to take advantage of that kind of support if it is available.

I also have no particular concern about increasing subscriber fees to support programming, providing that the programming is of the kind that is worth the added cost. I think cable systems should be encouraged to think of programming services that subscribers would willingly pay extra for.

It seems to me almost by definition it is in the public interest, if the public is prepared to take it on that basis.

**Senator Prowse:** Do you know of any legal reason that would prevent you picking up

American programs at the present moment and blacking out the advertising, which you could do with a gadget sitting on your lap, and then substituting and selling that advertising period?

**Mr. Ted Jarmain:** That question has been examined by a legal counsel—not our legal counsel—and I understand there are tremendous legal difficulties involved. Frankly I have a great deal of difficulty with it on moral grounds.

**The Chairman:** In your brief you state:

“I believe that it is neither sensible nor proper to attempt to devise arbitrary rules regarding media ownership.”

Do you mean just what you say there, Mr. Jarmain?

**Mr. Ted Jarmain:** Yes, I said in the brief, and I will say again, that I think there are examples of organizations that “break the rules” in terms of some theoretical concept of desirable policies of ownership and yet which companies are doing virtually in everyone’s view just a tremendous job.

I think it is downright discriminatory to say “okay all companies that fit this pattern are offside irrespective of the kind of job they are doing.”

I think that we can well afford in Canada to take the trouble to examine each of these situations on its merits.

**The Chairman:** To examine each situation on its merit there would still need to be some guidelines, would there not?

**Mr. Ted Jarmain:** I went on to suggest in the brief that I thought perhaps the most logical mechanism for this was we ought to strengthen the general statutes in Canada regarding undesirable concentrations of ownership. I cannot think why the media could not come within that.

**Mr. Fortier:** The guideline of the Combine Investigation Act is public interest.

**Mr. Ted Jarmain:** There is not too much wrong with that that I can think of. It just seems to me we spend so much time in Canada digging into the fine detail of all sorts of situations and yet seemingly on the ownership there is a propensity to say “We won’t look at the individual cases but devise a general rule.” I think that is unjust. There are

lots of examples of people, organizations, that do not fit the theoretical optimum patterns of ownership that in my view are doing a tremendous job and we would simply lose by all odds; we would get inferior service if we changed the situation.

**The Chairman:** Do you have any thoughts in connection with the guidelines as to how much is too much? Obviously if one person owned all the newspapers in Canada you would think that is an undesirable situation, or would you?

**Mr. Ted Jarmain:** I would say I would have to examine that on the merits. That would not be too hard to do.

**Mr. Fortier:** Well, if you look at London on the merits do you think there is too much concentration in London?

**Mr. Ted Jarmain:** I don’t believe so. I think my comments may be particularly appropriate to London. In my view the Free Press organization is just doing a first rate job and my judgment would be that if that organization did not exist there, if it were replaced by two or three other organizations drawn at random, so to speak, from the group of probable contenders, as a citizen of London I am pretty sure that I would lose.

I know it because I think they do a first rate job. I think we would very well end up with a mediocre situation rather than one which is recognized by many people as being first class.

**The Chairman:** You say “logical contenders”. Presumably you mean the big newspaper chains, do you?

**Mr. Ted Jarmain:** I didn’t have particular people in mind.

**Mr. Ed Jarmain:** I think, Mr. Chairman, the logical contender might very well be—certainly it’s going to have to be a large organization because if you are talking about the *London Free Press* that is a large newspaper and it is not going to be bought by a small man. I think you do have to take that for granted.

I would like to add to what Ted has already said about the Free Press organization. I have lived in London more years than Ted has and I feel the same way he does. So first of all I am going to endorse what he has just said.

I think I would like to make another point too. We are perhaps in a rather unique position to judge it because not only are we citizens of London, and therefore viewing it from the standpoint of a citizen, and have done for many, many years, but to some extent you might say that we are a little bit competitive with them. I can only say that no one ever had finer competitors.

We have found them excellent people to work with and never at any time could I ever say that I felt they took advantage of a situation.

**The Chairman:** You have also been partners with them?

**Mr. Ed Jarman:** That is more recently and that is correct. I am speaking back in our early days, you know, when we were struggling to make a go of it. We were not partners at that time. I think they have always been very, very fair and I have the utmost respect for them.

**Senator Prowse:** I have one other question in a different area. You say both in your oral presentation and also at page 14 of your brief:

"They will bring new information services into the home by facsimile—for example, newspapers, magazines, possibly delivery of mail...

This one intrigues us. How do you foresee that being accomplished? I think Mr. Kierans might be interested.

**Mr. Ted Jarman:** I am sure he might be. This is a plan, an idea, that has been looked at very closely right now in the U.S. The Electronic Industries Association, which represents all the large electronic firms in the United States, last October completed and filed with the SCC a study of what they saw in the future in communications.

Very briefly they envisioned the development of two complementary kinds of network or communications systems. One was the outgrowth of the telephone network the picture phone and so on. One is the logical evolution or development of cable systems that we have today.

Their view was that one of the most important and valuable services that could be provided over cable, in looking ahead to the future, would be the delivery of first class mail.

There was a paper presented at the IEEE Convention in New York. That is the Institute of Electrical and Electronic Engineers. I haven't received a copy yet. That is a very serious forum and that is not the kind of wild-eyed prediction that you would read in the TV Guide or something. This is something people are presenting serious technical papers about right now.

This would involve an electronic mail box, shall we say, where you took a letter and had it copied by the electronic mail box and it would be transmitted through the system and end up displayed either on a facsimile machine associated with the TV set or maybe stored on video tape.

**Senator Prowse:** It would take the contents of my letter and somehow deliver that?

**Mr. Ted Jarman:** Yes.

**Senator Prowse:** Something like the TWX development?

**Mr. Ted Jarman:** Except it would be facsimile in the sense it would be an actual picture of your letter. If it were handwritten that is what would go through.

**Mr. Ed Jarman:** I think, Mr. Chairman, if you have not seen the IEEE brief, if it has not come to your attention, I would recommend you have a look at it.

It is a very thoughtful document and while we don't agree with all the conclusions that it has reached I think it is one of the most searching and thoughtful investigations into the future of broadband cable systems that I have seen and I would recommend it to you. If you wish we could send you a copy.

**The Chairman:** We would be most grateful. We would be delighted to accept. We appreciate that very much.

**Mr. Ed Jarman:** With provision we don't necessarily agree with each and every one of the conclusions.

**Mr. Ted Jarman:** Particularly the policy conclusions.

**The Chairman:** Are there any other questions? Mr. Fortier, you have one last question? Your question will be the last one.

**Mr. Fortier:** At the bottom of page 17 you say:

"I believe that the public interest will be much better served if we worry more



about poor or mediocre performance and less about the particular form of ownership."

The question which comes to my mind is should we simply worry in Canada about poor performance or should we do something about it? Do you think programs should be regulated?

**Mr. Ted Jarman:** Do I think programs...

**Mr. Fortier:** Programming should be regulated?

**Mr. Ted Jarman:** If you are asking the question: should the details of program matter be regulated? I would think not. Is that the question you asked? I don't know how you could regulate that. It is like "Should the playwright be regulated?" "Thou shalt write good plays." I don't know how you can do that.

**Mr. Fortier:** I am quoting your words. The public interest concept, which you and I agree should be protected, will be much better served if we worry more about poor or mediocre performance.

Should we worry or should we have a regulatory agency such as the CRTC which will regulate programming.

**Mr. Ted Jarman:** I think the easy answer is we have regulatory agencies and I think the time would be better spent. I don't mean the CRTC, we have all the mechanics now surely all of the things we are talking about. The time of these organizations would, in my view, be better spent if they worried or concerned themselves with the quality of the performance as opposed to the form of the organization or organizational arrangements that created the performance.

**Mr. Fortier:** This worry should be translated into positive action by the CRTC?

**Mr. Ted Jarman:** I would think so.

**Senator Prowse:** A study of programming, which they do now anyway, don't they?

**Mr. Fortier:** Is this what you are saying?

**Mr. Ted Jarman:** Yes.

**Senator Prowse:** Some radio stations have been told if they don't upgrade their performance by such-and-such a date they won't be renewed. They do that now, don't they?

**Mr. Ed Jarman:** This is right. Actually there is a case in the Maritimes recently where the licence was suspended.

**Mr. Ted Jarman:** I suppose we all have a tendency to attack the problems easiest to attack. It is a lot easier surely to attack the problem of structure. You can draw that on a paper and say I like that or I don't. It is a lot easier to attack a problem of structure than it is to attack a problem of performance.

**Mr. Fortier:** Wouldn't you be scared? I would be actually scared, I would be petrified of an agency such as the CRTC censoring the programs I may like but which you as a viewer looking at the same program may dislike. I would rather let you make your own judgment and let me make my own judgment than have the CRTC say "That was a mediocre performance. We shall not have it again."

**Mr. Ted Jarman:** I think I would agree with you. I think I began a long answer with that statement. I don't think you have to get into the details of programming in order to be concerned about performance.

**Mr. Fortier:** Thank you.

**Mr. Ed Jarman:** I think it is more the public interest that is being talked about here than the actual nuts and bolts of the program.

**Mr. Fortier:** You have to relate it to something.

**Mr. Ed Jarman:** What did they relate it to when they cancelled the licence in the Maritimes? That was public interest. I think they took the action rightfully without at the same time telling the radio stations how they should program.

**Senator Prowse:** "We don't like the way you have been programming."

**Mr. Ed Jarman:** "We don't like the way you have been programming. We don't think it is in the public interest."

**The Chairman:** Messrs. Jarman, on behalf of the Committee may I say how grateful we are both for your written brief and oral presentation that you gave us this morning. We have studied and read your brief with considerable interest. It has been instrumental in bringing us to a clearer understanding of where cable fits into the broad picture.

Thank you so much.

May I say to the Senators we will adjourn until 4.00 p.m. when we will meet in Room 356-S to receive the brief from Actra.

The Committee adjourned.

Upon resuming at 4.00 p.m.

**The Chairman:** Honourable Senators, if I may call the session to order. The brief we are receiving this afternoon is from the Association of Canadian Television and Radio Artists, sometimes known as ACTRA. Sitting on my right is Mr. Victor Knight, who is the National President of ACTRA, and he is himself an actor, and on my immediate right is Mr. Jack Gray, who is a playwright and writer, and he is more importantly for today a member of the Actra executive. On my immediate left is Mr. Paul Siren, who is the General Secretary of the Association of Canadian Television and Radio Artists.

Mr. Knight, I will simply say to you that the brief that you were kind enough to prepare in compliance with our guidelines has been received and presumably studied by the Senators. The procedure we follow here is relatively informal. We would like you now to make a formal opening statement if you wish, taking 10, 12 or 15 minutes and following that we would like to question you on the contents of your brief, on your oral remarks and perhaps other matters as well. If any of the questions we put to you, you would like to pass on to Mr. Siren or Mr. Gray, please feel free to do so.

Thank you and welcome.

**Mr. Victor Knight, National President of the Association of Canadian Television and Radio Artists:** Is it permitted in the opening remarks to hand some of them over to my colleagues?

**The Chairman:** By all means.

**Mr. Knight:** Those remarks which are more general, I will handle myself but those which are on copyright and things of that nature and rather more technical I would prefer to turn over.

**The Chairman:** Well, by all means.

**Mr. Knight:** Well, first Mr. Chairman, perhaps I might just point out exactly who we are: as you have already mentioned we are the Association of Television and Radio Art-

ists and we are a professional association and a trade union representing writers who work in films, television, radio and for the stage and for actors, singers, dancers, announcers and other performers who work in television, radio and films.

We have about 13,000 members organized in branches in Newfoundland, Halifax, Montreal, Ottawa, Toronto, Winnipeg, Saskatchewan, Calgary, Edmonton and in Vancouver. The main thrust of this brief—if I may use these words, because they have been used a great many times these last few days at the CRTC hearings which have been taking place across the street—deals with programming in Canadian television or the ability or inability of Canadians to be heard and seen on Canadian television and the reasons for that lack of accessibility to television as a means of communication for Canadians.

The creation of original Canadian television programs in Canadian broadcasting is our main problem and more particularly a balance of programming, and perhaps if I may I would like to enlarge on that particular aspect.

**The Chairman:** Fine.

**Mr. Knight:** If you make a study of programming on Canadian television today, you will find they will divide fairly evenly between those programs which can be loosely described as being news, public affairs, education and sporting events and the balance being again those things which could be loosely described as being entertainment programming. When you look carefully at the programming, you will find the majority of these formal sub-sections that is 50 per cent of the programming, is Canadian made. News, public affairs, education and sporting events in the main are Canadian, and education again, in the main is Canadian. Entertainment however, is in the main foreign-made.

Looking at a particular week's programming, and bearing in mind also that the CBC's record in this particular area is far better than any other broadcasters in Canada, of all of the programming, 10 per cent of it was Canadian, whereas 43 per cent of it was American or imported entertainment shows. We find this particularly disturbing and significant for these reasons: the main purpose of Canadian programming is said to present Canadians to ourselves, to each other and to people abroad. What we seem to be doing however, is to concentrate on public affairs



shows, news shows, and areas where we do a great deal of work in the creation of shows—that is to say in public affairs we tend to deal in Canadian subjects. Public affairs unfortunately, very frequently—in fact, most of the time, tend to be critical of the subject. They tend to study institutions, Canadian mores, Canadian people and they tend, in fact, to be critical of things they study and, in fact, to polarize opinions about these things they study.

The areas where a celebration of life is possible, in song, in dance, in poetry and the dramas, we tend to restrict ourselves to a celebration of those things which are non-Canadian. We find this whole aspect of broadcasting in Canada today to be a very disturbing one. We find that there has been an imbalance in programming which can result in a polarization of opinion about things which are Canadian and a celebration of things which are non-Canadian.

The importation of a large portion of our programming, especially in the entertainment area, has resulted of course, in an almost total displacement of Canadian programming in the entertainment field. As a result of this, many of the writers, the producers, directors and actors have left our country. One of the chief resources for broadcasting is the talented people that contribute to programming and many of these people are unable to find continuing employment to be able to create for themselves a career in broadcasting in Canada and have left the country, reluctantly sometimes, sometimes jubilantly, but left none the less and they have become as a result of this a loss to this country. One of its chief broadcasting resources is being lost, and is continually being lost.

The Canadian Radio and Television Commission has made a recommendation to limit the importation of foreign material in broadcasting—to limit it to 40% in television. We presented a brief and a great many of the cultural communities all over Canada presented their point of view in support of that limitation. The limitation is not intended as a negative thing, although the shutting out a thing that the Canadian people desire often is. But it is a positive affirmation of the need for Canadian material on Canadian television.

One of the chief dangers that has perhaps already happened with this wholesale importation of foreign programming is that it is creating a foreign style in Canadian broadcasting and very frequently, even in the areas

where we attempted to create our own programming, we tend to make a judgment upon an Americanization of our own ideas. Very frequently programs are made in Canada with the idea that there is a possibility the can be sold on the international market, and very frequently they are sold on the international market; but for international, most people tend to think in terms of the American market and we have not been very successful in selling materials to the American market. I think the main reason for that lies in the fact that we are attempting to imitate American programming.

Frequently writers are instructed to remove from their scripts references to Canadian events and to place it in symbol as it were, not identifying its origin, the place of origin or the incident or things of this kind in the hope that it can be sold on the international market. Frequently, American codes of acceptability for television are quoted to writers so that they can remove all controversial subjects from these scripts in the hope that it may be sold to foreign markets, principally in mind is the American market.

Our failure in this respect has been signalled almost completely as a failure and the reason is quite plain: when you look at American programming for instance it is always about America, it is always about the United States, the people of the United States and its problems. People but it because they are interested in what is happening in United States in the same way that we made positively Canadian programs they would be interested to learn what we say about ourselves. They want to learn about themselves, but this pale imitation, that has resulted from the creation of a style of broadcasting in Canada that is essentially non-Canadian, results in the fact that we are now almost unable, as if guided by this particular philosophy, to create things which are indeed our own. We must of course attempt to reverse this so that we can positively affirm and acclaim Canadianism in broadcasting and then perhaps the world will become interested in what we have to say about ourselves and about our place in the world.

I suppose having made a statement we must attempt to define in our own minds at least our reason for believing that this has happened. One of the probable reasons is because the very heavy commercial bias that results on television today and we are especially concerned with the commercial requirements that the Parliament of Canada has



imposed upon the Canadian Broadcasting Corporation. At the moment the Canadian Broadcasting Corporation is required by Parliament to attempt to find one dollar in every five of the total budget and in consequence of this, if Mr. Davidson is to be believed, they have come to the conclusion that the only place where they can find the bulk of revenue is in entertainment programming and that the only way they can deliver the number of heads that the commercial agencies require in order that they will place advertising in a given program, is with American programming.

This of course, is only in the absence of any real attempt ever to do Canadian programming of a kind which would be of direct concern to Canadians. We are forever talking about our problems of Canadians on Canadian television; we are forever talking about the problems of the country geographically, historically, economically, politically, and we are continually talking about these problems, but never yet have we attempted to demonstrate those problems in the form of a dramatic series which is showing the problems of a Canadian living in the country of his birth and having to speak another language, other than the language of his birth, in order to earn a living in his own country. Never once in the English network have we attempted to demonstrate the problems of Canadians in this way through a dramatized series, but we simply talk about their problems and never once have we illustrated them through the use of poems, through the use of songs, through the use of the actor and the performer. We prefer to sit and talk about them and expose only foreign entertainment shows on our network. This has resulted in an imbalance in Canadian network programming which is causing a bias towards the type of program that we now want to produce to Canadian audiences; and it has resulted in a bias of Canadian audiences who, when asked which programs they prefer, point to American programming. Because their choice is so limited, there is no real choice for them to make and in consequence, they can only choose those that are being exposed to them.

Mr. Chairman, I think that is a summary of our view points, and if I may I would like to hand over to Mr. Gray so he can follow on from there.

**The Chairman:** Mr. Gray?

**Mr. Jack Gray:** There are several other points that we make in the brief and I am

just going to touch on them briefly. One is the film industry in Canada, which at the moment, as you know, is a weak industry. It is not that well established and in our analysis of it, we are of the opinion that the time has possibly come to give it more assistance. Now, the form of that assistance is debatable, but there are many ways we can help it. Some may be just encouragement and others may be very practical. We already have the Canadian Film Development Corporation, which is certainly a step in the right direction, but there are other things. The big problem is the distribution. How do you get the Canadian films into the Canadian cinemas, and also how do you get the Canadian film into cinemas around the world? That is a real problem, and I suspect that in the long run this will require parliamentary support.

We are anxious to see, as I think everybody now is, and as the government is now in the process of reviewing the Copyright Act, we are anxious to see a thorough review of the Copyright Act and see it brought into line with modern developments. Our own Act was written back in 1924 and it doesn't really cover the modern technology. We have suggested to the departmental committee some of these things that we would like to see happen and the details of those are appended in our brief.

We are very anxious to see that the future broadcasting in Canada is used in the service of the people of Canada. You get rather unctuous in this area and pious and you begin to say all sorts of stupid things, but the fact is there is no reason in our view to assume that because broadcasting has grown up in a certain way it must continue to go that way. Technology is moving so fast that we are all aware there are many changes coming. For example, cable is coming, satellites are coming and there are new forms of distribution possible and each of these, we feel must be kept in the forefront of our thinking so we don't make decisions based on for example, a primary commercial-oriented network of the kind we have now.

The main point I think in my own mind and certainly in actors' minds, is that we are determined that whatever form broadcasting takes in the future in Canada, it is not necessarily based on the American model which we think has perhaps served its purpose.

We mentioned that we would like to comment, if it is useful, on two matters that have come before your Committee: one is freedom

of the press in broadcasting and we have a pending submission we made to the CRTC on the subject on the program the CBC has done called "Air of Death", which develops a few specific ideas about news and comments in broadcasting. They are, as all reporters know, very simple and old-fashioned; there is nothing very revolutionary about them. They are with regards to news: "Always be accurate" and "When in doubt cut it out"; and when news begins to shade into comment, "Always be honest in your bias". This happens in television all the time and I've attempted to be fair, in that we try to get the various relevant sides, and you can't do it with everything but we developed that in some detail and it is also in the brief.

In the final section we talked about the prime functions of the mass media and I think rather than go into that now I would just say that it is there and if it is helpful, peruse it. The mass media obviously are capable of doing certain things well and many things badly; and so they require some regulation and they require an enormous amount of support.

The big thing in broadcasting which is certainly important, is the access, and we just don't mean access between an advertiser, or access to a government program or a CBC programmer but access on the part of the public. This is a matter which is of great concern, I think, to the public though they seldom get a chance to talk about it. It is very, very difficult to be heard in the mass media in Canada to-day. This is particularly true, I think, in broadcasting and our hope is that after the technology developed those methods and those opportunities will increase and I think that is basically what we are trying to say.

**The Chairman:** Thank you very much. I think that perhaps that the questioning this afternoon will begin with Senator Prowse.

**Senator Prowse:** The statement was made a few moments ago, and it is in the brief, on Page 9 of this brief, Paragraph 4.2 you say:

"The situation is, very simply, that Parliament has stipulated that the CBC must earn revenue."

Now, what is the basis for that statement?

**Mr. Knight:** Well, it is a response to a statement made by Dr. Davidson before the House Committee on Broadcasting and Assistance to the Arts in February and March of

1969. Under questioning about the use of American programming, he made the reply and I am going to have to paraphrase him but the substance of his remarks was this: we have been given two sets of instructions from the Parliament of Canada; one is contained in the Broadcasting Act which we consider to be our mandate for programming; and the other is to obtain a percentage of commercial revenue, generally accepted to be around 20 per cent. Then he went on to state the problems that he had to face as a result of this requirement to gain commercial revenue and the effect it has had on programming generally, but those remarks can be found in the minutes of those meetings where they appeared before the Parliamentary Committee on the CBC in 1969. February and March are the two separate meetings. I don't have the precise date for you.

**Senator Prowse:** How much is there to keep things straight. The point I am getting at is this: you make a statement here and it is an unqualified statement. You say "that the Parliament has stipulated that the CBC must earn revenue". I think the fact is that Parliament has agreed that after the CBC has presented a budget, to provide it with a heck of a lot of money—namely about \$160,000,000; and the CBC voluntarily, prior to that said we will raise forty million, or something like that by selling advertising. Now, is that not the situation?

**Mr. Knight:** Well, as I say we derive our information from a statement made by Dr. Davidson in those minutes and he quite clearly states that it is a requirement from Parliament.

**Senator Prowse:** It doesn't matter that much. The only thing is I think it should be made clear—but I think you will agree that the Parliament of Canada presently is subsidizing the CBC to the tune of about \$160,000,000?

**Mr. Knight:** That is correct.

**Senator Prowse:** Which is subjected to a heck of a lot of criticism from an awful lot of other sources. I think you would agree with that as well?

**Mr. Knight:** Yes, Senator, I would agree with that.

**Mr. Gray:** Surely, Senator Prowse, from the beginning the decision was that there would



be support for the CBC, first through a licensing fee, which would be paid by the people of Canada and which was never really adequate for the job and then consequently, it was decided to dispense with the license fee and replace that with a subsidy from Parliament for support from Parliament. So presumably what we've had over the years since the beginning of broadcasting was an agreement that in one way or another the Canadian people could afford it.

**Senator Prowse:** Let us find out exactly what your point is. Is your point that the CBC should be entirely dependent upon the government subsidy and not be required to go out into the commercial market place at all to raise any money?

**Mr. Knight:** You might be able to see our point of view in that light...

**Senator Prowse:** No, but what is yours?

**Mr. Knight:** What we are saying is this: the CBC at the moment is required to derive something like 20 per cent...

**Senator Prowse:** Just don't say is required.

**Mr. Knight:** In order to meet its commitments which they claim are above and beyond the amount of money that is granted to them by Parliament. They find themselves in a situation of having to find an additional forty million dollars—which is really the figure that it amounts to.

**Senator Prowse:** If there is...

**Mr. Knight:** Something like 20 per cent of their total revenue. This I think is a fairly accurate description of the situation. Now, in order to do this, they find themselves in a situation of having to put the types of programming where the advertiser can count heads in order to determine whether or not it is useful for him to use that program as a medium to advertise his particular products, especially during prime time which is when the bulk of the audience is going to be interested in watching television, in order to attract that particular type of advertising.

Now, if I can draw an analysis here with what happens in the theatre. If you are a theatre owner and you own a piece of real estate which has been designed and built as a theatre—it has no other useful purpose, but as a theatre. You can't use it for anything else; you might use it occasionally as a lecture hall or occasionally as a concert hall but

its chief purpose is a theatre and you can't use it for anything else. You can't suddenly use it for packing books or garments or turn it into a factory. It is a theatre; it is designed that way and you have to pay the rent on that theatre. You have to pay the maintenance on it, etc.

In New York City today, for instance, which is the one area where statistics are available in any large degree, it costs anywhere between six and eight thousand dollars a week just to keep the theatre there. Now, quite clearly you are going to want to fill that as much as possible and to keep it open as frequently as possible in order that you will not have to carry those overheads yourself so you tend to play things safe. You tend to look for a writer who has been a success in the past and you tend to buy actors who have been a success in the past. You tend to not take any chances and you can't do things in a formula fashion.

Now the same thing really is a direct parallel to the advertiser who wants to be able to play it safe and he wants to be able to deliver that message to the greatest number of people at any one time. Consequently he chooses programs which have proven themselves, which have been on the air before and it is known that they can deliver an audience and unfortunately the programming of Canadian broadcasting is such, in the entertainment area particularly, where this kind of audience is available to you. If you look through the programs which are tops in the popularity polls, there are no public affairs shows in those top 10, but there is the hockey game and then nine American light entertainment shows. There are no public affairs shows and there are only American light entertainment programs. Dr. Davidson takes the need to find this extra money as almost an obligation on him to use American light entertainment programs. The result is that there is an impasse in Canadian broadcasting as far as we are concerned.

**Senator Prowse:** Is there any difference with the CTV?

**Mr. Knight:** No difference at all. The CTV is in precisely the same boat. As a matter of fact there is an article in Time magazine, just this week, which does an analysis of CTV during certain periods—21 hours a week of prime time broadcasting where there were absolutely no Canadian programs on CTV at all. All of it is American—all of it is American.



**The Chairman:** I think Mr. Knight, that perhaps what drew Senator Prowse's attention to this paragraph, and certainly mine, was a suggestion that Parliament says "that the CBC must" sell commercial time. I don't think there is anything in the Act at all that compels the CBC to sell commercial time, do you?

**Mr. Knight:** Nothing in the Broadcasting Act at all.

**Senator Prowse:** Well, this is the point, Parliament didn't stipulate the point, the CBC decided that they wanted more money than Parliament was prepared to vote to them.

**Mr. Knight:** Well, that would be one way of looking at it, certainly, Senator Prowse, but as I said before, I'm quoting Dr. Davidson.

**The Chairman:** I would like to get that information. When was that?

**Mr. Knight:** It was either February or March.

**The Chairman:** Before the Commons Broadcasting Committee?

**Mr. Knight:** Yes, that's right.

**The Chairman:** Thank you.

**Senator Prowse:** Let us just go back to another subject.

**Mr. Paul Siren (General Secretary of The Association of Canadian Television and Radio Artists):** I think we can also look back to the two reports from Mr. Fowler to committees in 1956 and 1965 and you will find in both reports a recommendation for the CBC to earn commercial revenue.

**The Chairman:** We are not disagreeing with that at all. I think that the only point that we are disagreeing with is the suggestion that somewhere in the Broadcasting Act it states that the CBC must sell commercial time.

**Senator Prowse:** Well, we have disposed of that, but the second thing is this: the ability to sell commercial time is the ability of the program to get audiences?

**Mr. Knight:** That is the advertisers way of looking at it again.

**Senator Prowse:** Is it anybody else's way of looking at it? If you are going to put on a

show in New York how long do you stay open if you don't get an audience?

**Mr. Knight:** You don't.

**Senator Prowse:** Or Toronto?

**Mr. Knight:** You close.

**Senator Prowse:** Or anywhere else?

**Mr. Knight:** But you see when you are dealing with a theatre, you are dealing with a situation where you have a theatrical house of some 500 seats and the people who buy those seats—you have to pay only your overhead out, pay your actors, your pre-production costs, etc., etc. In broadcasting the Canadian public is not one audience. It is composed of many audiences.

Let me just give you an example of that: the "Wojeck" series and the other series dealing with Parliament that the CBC produced, delivered a very sizable audience. When they took "Wojeck" off the air, it was delivering in excess of three million people, which is a very considerable audience. Now, if you look at the BBM ratings on the top 10 shows in Toronto—and I think it is a very significant aspect of this thing—the most popular show is the hockey game and that delivers—and I am going to say this from memory because I don't have those figures with us.

**The Chairman:** The Committee has the figures on that.

**Mr. Knight:** It is less than 15 per cent of the audience. I think I am fairly safe in saying that it is less than 15 per cent of the potential audience at any rate. That means that 85 per cent of the people are not watching it at any one time.

**Senator Smith:** Is this the hockey game you are referring to?

**Mr. Knight:** I am talking about hockey, yes. I am using the BBM figures and all of the other programs that are in that top 10 list from the BBM; none of them deliver more than 12 per cent of the potential audience, which means that almost 90 per cent of the audience is not watching them. Ninety per cent of the audience are not watching these most popular shows that are so important. So what about the rest of the audience? What about the rest of the people? What about the other three million people who are being deprived of programs like "Wojeck" and can't

see them because of the demand of the advertiser to deliver the greatest number of heads at any one moment. The audience consists of many small groups of people with many different faces, at many different times.

**The Chairman:** Well, I was just going to say that this is the argument that I used with some of the private radio broadcasters when they were here but it is not an entirely pure intellectual argument. I am sure you will agree.

**Mr. Knight:** Yes, indeed.

**Senator Prowse:** You put it more kindly than I would have!

**Mr. Gray:** May I just suggest...

**The Chairman:** Yes.

**Mr. Gray:** But the point really, I think, when we get into discussions of this kind, is whether or not or perhaps to what degree we intend or are prepared to face up to the fact that it is probably impossible to organize any broadcasting for the maximum benefit of the viewer and perhaps even of the producers. Therefore we rely on a commercial base. I think what we have to decide finally, and when I say we, I mean Canadians, is what we are prepared to pay? I think perhaps that, is the point we are trying to make.

**Senator Prowse:** All right, Mr. Gray, now let us take your point and let us deal with it because I think that it becomes special. The Canadian people are putting up \$160,000,000; out of a \$200,000,000. budget for the CBC today, is that correct?

**Mr. Gray:** That's right.

**Senator Prowse:** And you are telling me that CBC is not doing the job it ought to do?

**Mr. Gray:** Right.

**Senator Prowse:** Are you suggesting that we then put up the additional \$40,000,000 so they would do the job you are talking about?

**Mr. Gray:** Money by itself won't do it, no. However, money is part of the issue, yes.

**Senator Prowse:** The thing that is in issue is talent and ability, is it?

**Mr. Gray:** No, I don't think entirely talent or ability. Talent and ability is there but

talent and ability cannot express itself or is not used to its maximum potential. As a point, for example, there are certainly writers, directors, actors, scene designers and so on in this country at this moment who are quite capable of putting together competence in programming.

**Senator Prowse:** How would you decide whether a program was a top-notch program or not?

**Mr. Gray:** It depends very much on the program and on the audience at which it is aimed. For instance, it would be possible to put together a superb program which was not intended to reach the maximum number of viewers. You could put together a program on a subject which was maybe not of interest to a maximum number of viewers. We have here the most popular kind of program, the hockey game, which is only apparently of interest to only 15 per cent of the viewers.

**Mr. Knight:** In Toronto.

**Mr. Gray:** In Toronto. In their words, we begin to think of the mass media as having to deal with everybody at all times, but it doesn't work that way. Not everybody reads the same novel at the same moment or watches the same programs and obviously if we wanted that kind of broadcasting for that kind of—I hate to use the word "culture", but I am going to use it anyway—if we want the best kind of culture at any time, presumably what we have to say to ourselves is how much are we prepared to pay for it. Now, it may be that the people of Canada will decide that they are not prepared to pay for that; then it is time for people like me to be quiet.

**Senator Prowse:** How do you decide that a thing is good? For example, I don't think that Shakespeare had a royal subsidy. Did he?

**Mr. Knight:** Can I have a go at answering that question?

**The Chairman:** Certainly.

**Mr. Knight:** I think if you examine Shakespeare's plays carefully—for example in Othello there is a lovely scene in the middle where they had gone from Italy and they are now on the Greek Islands and they are sitting on the beach and they are getting slowly drunk. One of them tells a beautiful story—coming from memory this is a group of Itali-

an Greeks sitting on an island they are telling a beautiful story...

**Senator Prowse:** Hardly Canadian content!

**Mr. Knight:** Well, let me finish now—one Englishman can drink any German or Dutchman under the table any time he likes. Now, there is no relevance at all to the story or to Greece or Italy in this particular little scene that they play but there is a relevance to the London audience who are paying their pennies to go to the Globe Theatre to see and hear them. I think it is valid determination of excellence in broadcasting is that it tells in an entertainment fashion a story of Canadians by Canadians—that it celebrates Canadian life that is I think what we are driving for.

**Senator Prowse:** And that Canadians are prepared to watch it.

**Mr. Gray:** Yes.

**Mr. Knight:** Yes, I think there will be. There are in Montreal. They watch most of these programs because the programs take place in Montreal, they speak in the dialects of the Montreal and they speak about Montreal. Montreal likes to be recognized; they are concerned about it. I think the same would be true in English Canada if we ever attempted to make that kind of program which we have as yet not attempted to do.

**The Chairman:** Do you have a supplementary Mr. Fortier?

**Mr. Fortier:** Yes, I do Mr. Chairman.

**The Chairman:** Fine.

**Mr. Fortier:** It is a sort of double-barrelled question.

**Senator Prowse:** Ask.

**Mr. Fortier:** First of all, have you any suggestions as to what can be done to attract that 90 per cent who is neither looking at hockey, nor looking at any one of the other top 9 shows now being presented on television? Have you any concrete suggestions of the way this could be done?

**Mr. Knight:** Well, I think not at any given moment but I think the essential ingredient is choice. You have to give them a choice of programming and a choice of a variety of things in programming.

**Mr. Fortier:** That is where the cable broadcaster comes into his own, is it not, with a range of vertical channels which would be available for a minority interest.

**Mr. Gray:** Well, we are off on a trial balloon because it may be that the cable companies will provide the kind of choice that everyone hopes for, but they will only provide it, to be perfectly frank, if they decide to do certain things. For example, as we all know it is very expensive and certain kinds of programming are enormously expensive and I would think that for many cable operators, if they work individually, it will be very difficult for them to supply a really wide range of programming. I am sure that what we will see in the long run, perhaps even a short run, is a grouping of the cable operators, or perhaps even cable networks. They would have to co-operate to put that together those shows, but one of the things I suspect we are going to have to deal with is the degree to which the cable operators are forced to bring in the material from elsewhere.

**Mr. Fortier:** That would be an answer, though would it not, to increase presentations to minority groups?

**Mr. Knight:** Technically it is an answer, because technically, cable has the capability of delivering signals. Yes, there is no doubt about it, they can produce a variety of signals, but it is what is contained in the signal that is important surely. But at the moment, all they are doing is picking up other people's signals and transmitting them somewhere else. All they are doing is picking up the signals that the broadcasters are emanating and delivering them to households.

**Mr. Fortier:** They are doing some programming, as you know.

**Mr. Knight:** Well, in Montreal they have been doing it for some time. Do you live in Montreal, Mr. Fortier?

**Mr. Fortier:** Yes, sir.

**Mr. Knight:** Then if you watch it, it is interesting experimental broadcasting via a group of people who are not necessarily broadcasters. It is interesting from that point of view, but I don't think it is the total answer yet.



**Mr. Fortier:** How do actors feel towards this non-professional presentation by cable casters of local situation presentations?

**Mr. Knight:** Well, our attitude towards it has been up until now, without anticipating what is going to happen in future, broadcasters, like anybody else, have to learn, they have to train, they have to find out how to use materials, how to use broadcasting, and that is as good a place as any as far as we are concerned at the moment. This applies to people who are working within a limited range. Now, if they come and ask our members, we are into a different situation. We are a group of professionals and we expect to be paid for the professional work that we do, but we have no objection to other type of broadcasters using that kind of material.

**Mr. Fortier:** Isn't this an area where you should seek the assistance of the cable owners?

**Mr. Knight:** Yes, as a matter of fact, we are actively at the beginning of conversations with the cable operators, at the moment. The CRTC meetings last week brought them all together and they stopped us in the corridors and asked us to talk and we have agreed to a series of meetings.

**Mr. Fortier:** So the hardware is there. The qualified obligation has been imposed on the cablecasters by the CRTC. Will the talent be available?

**Mr. Knight:** Oh, in large numbers.

**Mr. Fortier:** There is enough Canadian talent to go around?

**Mr. Knight:** There is enough Canadian talent to do anything that is thrown at us.

**Mr. Fortier:** Even 100 per cent Canadian talent?

**Mr. Knight:** Oh, yes indeed if it is necessary.

**The Chairman:** Senator Prowse?

**Senator Prowse:** Well, this is the area that I was wanting to get into earlier. This may be unfair and I will agree that it is before I start that...

**The Chairman:** That has not inhibited you before!

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**Senator Prowse:** Well, I got awfully fed up with looking at program after program and seeing the same faces except at different ends of the podium and perhaps, unfairly, this is where the unfair part comes in—I picked up the idea that this was because they themselves had a real tight-closed shop.

**Mr. Knight:** The nature of our agreement with all broadcasters is the same and what it amounts to is this. They will ask any non-qualified performer to work with our member and it means simply this: any person that they want to hire, they are free to hire and the only qualifications being that they must pay them our rates and be qualified by the Association. In other words, they have agreed they will not—because the person is not established professionally in the sense that he is a member of this Association or some other Association—be it that he comes from another part of the world—ask him to work for lower rates, but they are quite free to engage anybody they choose. There is no prohibition in any of our agreements in that regard.

**Senator Prowse:** In other words when a person gets hired to do a job he automatically becomes a member of your Association?

**Mr. Knight:** No. Our constitution requires him to have four professional engagements before he becomes a member of our association.

**Senator Prowse:** How in the heck does he get four professional engagements if nobody else can hire him unless he belongs to you?

**Mr. Knight:** When I was trying it out in Montreal, it required 10 and I got the 10.

**Senator Prowse:** Well, how do you do it? If they won't let you work...

**Mr. Knight:** Oh, that's not true.

**Senator Prowse:** Well, explain it to me then.

**Mr. Knight:** We will not let them work at rates that are lower than ours. We negotiate minimum rates and anybody who is going to work in the area where our members are employed, all work at the same rate.

**Senator Prowse:** Yes.

**Mr. Knight:** These are minimum rates, you understand. They are not by any means the

highest rates. Many of our members will not work for these rates. They are not allowed to work below that minimum but the producer may choose from among all performers available to him so he is not limited to the membership of ACTRA in choosing these performers or broadcasters he is searching for. He can choose from many sources.

**Mr. Fortier:** But no member of ACTRA will work with a non-member, is that right?

**Mr. Knight:** Yes, he will.

**Mr. Fortier:** In the same performance?

**Mr. Knight:** In the same performance, by all means.

**Senator Prowse:** He just insists that the fellow be paid the same rate.

**Mr. Knight:** That's right.

**Senator Prowse:** That is better than I thought it was. What provisions do you have for bringing in and training new people?

**Mr. Knight:** Well, unfortunately we don't have the facilities for training. This is why we keep this open-door policy. Of course, in the dramatic field, there are dramatic schools; in the musical field there are musical schools. But broadcasting is much wider than that and there are many broadcasters who get training in far different fields. Many broadcasters come from the newspaper world, for instance. We don't have the facilities to train people, in fact, neither do we have the ability to judge their merits. This is why we keep the open-door policy, so that there is an open field for them to come in to broadcasting without any restrictions from us.

**Senator Prowse:** We have the Ryerson Institute in Toronto and we also have various trade schools.

**Mr. Knight:** We have the universities also. They are setting up communications departments and things of this nature.

**Senator Prowse:** You don't have a direct connection there, or do you just carry on a form of...

**Mr. Knight:** Many of our members work in the communications field as indoor instructors and things of this nature, but no, we don't have any direct connection.

**Senator Prowse:** Generally speaking then, your situation is that your organization—the only limitation that you set is, "Alright, if you are going to put on a show here you have to pay people a fair price for a fair appearance".

**Mr. Knight:** That's right.

**Senator Prowse:** Is that basically it?

**Mr. Knight:** Yes.

**Senator Prowse:** And you say that in addition to that, you have no concern at all about the ability of the Canadian broadcasting industry to meet the demands that are made upon you now by the CRTC?

**Mr. Knight:** I believe that the talent is readily available in Canada to do anything that is required of us. If I may quote Mr. Chercover on this at the CRTC hearings last week. He said quite clearly there is no problem with regards to either creative or performing talent in Canada. It is readily available.

**Mr. Fortier:** He also praised the union for locating new and good Canadian talent. Do you recall that statement?

**Mr. Knight:** No, I didn't hear it.

**Mr. Fortier:** Well, I am informed...

**Mr. Knight:** Because I wasn't there at all the hearings.

**Mr. Fortier:** Well, I was informed that he did. The question is: what is "new talent"? Is this amateur or professional new talent?

**Mr. Knight:** Well, there is a stage where almost all talent is amateur and progresses to professional when he gets paid for what he does.

**Mr. Fortier:** And then he can join you?

**Mr. Knight:** That's right.

**Senator Prowse:** On a regular basis?

**Mr. Knight:** That's right.

**Mr. Fortier:** Just the same you are not interested in promoting or assisting new talent?

**Mr. Knight:** Interested we are but we don't have the resources or facilities to do it. We

have co-operated with the Canadian Broadcasting Corporation, especially in the writing field in the past, in setting up work shops for would-be writers, etc. but it has not been entirely on our initiative—it has partly been the CBC.

**Senator Prowse:** While you don't have the facilities to go out and create the talent yourself or to gather it up and train it, besides this, the only present limitation you have on the use of new talent is that they be paid at professional rates if they are used as professionals.

**Mr. Knight:** That's right.

**Senator Prowse:** Is that a fair way of putting it?

**Mr. Knight:** That is a fair way.

**Senator Petten:** And then after four occasions do they have to join your union?

**Mr. Knight:** No, they don't have to. They are invited to, but they can continue to work on their own but most of them join because there are considerable advantages for them.

**Senator Petten:** They prefer to join?

**Mr. Knight:** Yes.

**Senator Petten:** How do you build it up?

**Mr. Knight:** Well, I have only met one occasion where a performer who had got his four assignments in then didn't want to join the Association but he subsequently did however.

**The Chairman:** The discussion we have been having relates primarily to television. Have you any comments on the radio?

**Mr. Gray:** Radio is one of those extraordinary areas. Canadians have done some fabulous things in radio. I listen to a lot of radio and I have spent many years in England and I would say that our radio at its best is the best in the world. It is the CBC radio I am talking about—I must qualify that; it is the CBC radio that I am talking about. Private radio does not have the same performance record but the CBC radio is in my own opinion one of the finest broadcasting organizations in the world, and it is particularly good in certain areas.

It has I think, trained more talent and particularly given more opportunities to more

writers than any. The BBG of course has a marvellous record there as well, but it is just superb and whenever I get an opportunity I like to say so.

**The Chairman:** Well, all right then, let me ask you the most obvious question, and it is a pretty tough question, but why doesn't anybody listen?

**Mr. Gray:** Well, I suppose—well, I really don't know, I'm not really qualified to answer that.

**The Chairman:** You do know that the ratings are very small I'm sure.

**Mr. Gray:** The ratings are relatively small but I used to work on Maclean's magazine...

**The Chairman:** Well, I was going to ask you about that in a few minutes.

**Mr. Gray:** And I remember Ralph Allen and I once had a long argument about fiction in *Maclean's*. It is minority audiences that we are talking about now, you know, and everything becomes relative. Well, in any case that only about 40 per cent of the readership of *Maclean's* read the fiction, issue after issue; one issue would be 39; and the next issue would be 41 and so on. They were determined to kill the fiction which they ultimately did.

**The Chairman:** Why?

**Mr. Gray:** His argument was that 40 per cent wasn't enough. I think then what you really get into in regards to radio is probably you have to decide at what point you are not really serving sufficient people to justify it. I think and I have said to the people in the CBC, and I would like to say publicly that I think it would be a disaster if the CBC radio operation were cut-back merely because of some kind of a new miracle appreciation. I suspect the people who do listen to the CBC are very loyal and therefore a very good audience, if I can use those terms. Certainly when you turn the audience around and when you look at what it does for the creative end of the business you then go on to assist the country in many other fields. For example, novels—Morley Callaghan lived on radio you know for years and now everybody says that Morley Callaghan is a fine writer and we have given him \$65,000.00 this year and so on; but he ate off of the radio program for years. For a long time, it was our Canada Council.



**The Chairman:** Again, I just wish more people would listen. What can be done in that area?

**Mr. Gray:** Yes, I agree.

**The Chairman:** You know, the private broadcasters have put forward some very interesting views on this. We have heard, for example, and this is one opinion that has been expressed, that the audience goes where the commercials are and that if the CBC radio became more commercial, people would listen.

**Mr. Gray:** I think that is one of those awful arguments about which I really have no sound comment. You know, that is just not worth a comment.

**The Chairman:** Another argument which has been put forward and I'm not sure whether it was by the private broadcasters or by others—interestingly most of the private broadcasters have said that CBC radio does have a place, but they have not been able to answer the question why people don't listen—we also have heard that CBC isn't local enough. Do you think that is a valid observation?

**Mr. Gray:** No, I think local radio is being served very well by many private broadcasters and I would have thought that the CBC's main role was to provide what they call regional programming—other than local or community programming—and a national programming which nobody else seems to be willing to provide. I don't know of any private broadcaster that is willing to invest in the national scene.

**The Chairman:** Do you think that the people of Canada know about CBC radio?

**Mr. Gray:** I wonder about that. I wonder—do they really know about that. You know that the CBC audience is very loyal and the people who like it, like it so much that they will go to bat for it.

**The Chairman:** Mr. Knight?

**Mr. Knight:** Pierre, as you know, made an interesting comment—not about radio but I think it is relevant to radio as well towards the end of the hearings yesterday. He picked up a copy of the *Television Times* and the other publications on television and he turned over the pages one after another and all of

them displayed American performers, American programs, American this, American that and none of them was giving any publicity whatsoever to Canadian programs, Canadian radio or Canadian television. He made the complaint that he had kept these copies for over a year and this attitude of the newspaper in publicizing television and radio was throughout all of the issues that he had—he couldn't see any publicity for Canadian programs whatsoever.

**The Chairman:** Let me ask you a question on newspapers. You say at 2.7 in your brief on Page 7 and I quote:

“One of the reasons it would be difficult to establish a “national newspaper” in Canada, for example, is this desire for the local gossip, which masquerades in our papers under the name of news.”

What newspapers are you thinking of? Can you give us some specific examples of what you had in mind?

**Mr. Knight:** I think Jack could handle that one.

**Mr. Gray:** I think I am a very avid reader of newspapers and I pick them up in bundles wherever I go in Canada and I'm sure you all do and with the exception of a few newspapers in this country it is extraordinary how parochial they really are. Now, I wouldn't quarrel with that. I think there is a certain amount of rhetoric in this country, as you would understand, but certainly one of the prime functions of the newspapers in our country is to do just that—to reflect their own community. I think they reflect it to the point where they exclude most of the world—that is a personal view. That is really what we meant—in other words, entirely apart from the mechanical difficulties of distributing it across the 4,000 miles simultaneously (and perhaps when facsimiles and things like that come in we will be able to do that) I think that if anybody put together a national newspaper, they would have a lot of trouble anyway unless he made sure that every local edition had these kinds of information in it.

**Mr. Knight:** There is an interesting example of this kind of thing and that is when Paul Siren had occasion to phone the president of our local association in Edmonton—when was it Paul?

**Mr. Paul Siren:** Yesterday.

**Mr. Knight:** As you know the CRTC hearings have been going on for almost two weeks and he has been unable to find any satisfying reports in any of the Edmonton newspapers.

**Senator Prowse:** Well, there is only one he has to look at.

**Mr. Knight:** I beg your pardon.

**Senator Prowse:** There is just the one newspaper that he can look at.

**Mr. Knight:** In that one newspaper he has been unable to find any real coverage of the CRTC hearings and this is something of course which is of national importance to Canada to-day. The future of broadcasting in Canada should be considered—I would have thought—of national importance, but apparently the Edmonton newspaper is not sufficiently interested, in that he can't find enough comment on it to satisfy his demand.

**The Chairman:** When you say the Edmonton newspaper we should be clear that you are exonerating Canadian press.

**Mr. Knight:** Oh, yes. They have had good coverage of it.

**Senator Prowse:** At least they have the stories that do appear in other places.

**The Chairman:** Notwithstanding the rhetoric inherent in this sentence or two but you did say "with a few exceptions". Are the exceptions so few that you could name them for us or would that be an impossible task?

**Mr. Gray:** Well, I wouldn't want to name them because the only papers that I really know well are the Toronto papers, but the Toronto papers—particularly the *Globe and Mail* and the *Star* seem to me to have a kind of metropolitanism...

**The Chairman:** How about outside of the Toronto area?

**Mr. Gray:** Well, the only papers that I see regularly or with any regularity that I can comment on are the *Montreal Gazette* and the *Star*. But a comment of this kind I think refers specifically for example to the *Halifax Chronicle-Herald*. A paper of that kind, which manages in so-called two editions, one in the morning and one in the evening—they are still different papers but they are basically the same—manages to ignore so much of the world it is just astonishing. I sense that...

**The Chairman:** I was going to say you should explain that you had occasion to read those papers regularly.

**Mr. Gray:** I was briefly connected with the Neptune Theatre when it first began so I was down there about six months. Really you do get so cut-off, you are avid for news so you start buying any newspapers that you can get your hands on at the time.

**Senator Smith:** Mr. Chairman, this will be a good time for me to comment that the efforts that Mr. Gray put forth were indeed very laudible, to the extent that Neptune is still going along in the Halifax area.

**Mr. Gray:** I didn't have very much to do with it—it was Leon Major and that marvelous community of yours.

**Senator Smith:** Well, I thought you had something to do with that as well.

**Mr. Gray:** I was there, in fact at the very beginning but they did all the work.

**Senator Smith:** Well, I have heard your name mentioned in connection with that.

**Senator Prowse:** May I ask just one question.

**The Chairman:** Well, I would like to stick to newspapers just for a minute or two. Is it on newspapers?

**Senator Prowse:** No, go ahead.

**The Chairman:** I will just finish on this because this is not a particular study of broadcasting and television. We are interested in that but as part of the much broader picture. So we are interested in your views on the newspapers. I just have a couple of questions. I'm sure you are familiar, Mr. Knight or Mr. Gray, with the trend towards the concentration of the media in Canada. Does this concern you and do you have an attitude towards it?

**Mr. Knight:** Yes and no, because I think the same thing is beginning to happen in broadcasting as well. There are two conflicting viewpoints on this. First is the one that Jack has talked about, and that is the need for a national reflection in both the newspapers and in broadcasting. I think there is an absolute need to reflect the totality of Canada in both ends of the media—both television and radio and in newspapers. I think we should actively seek

to find ways and means of doing that. However, the CRTC is very much concerned in broadcasting and I notice you have been concerned in recent reports about the media being concentrated in too few hands. I think there is a real danger or perhaps there is an implicit danger that, perhaps not a real danger but there is a possibility of a danger of the medium being directed if it is in too few hands. I think it needs, as Parliament does, an opposition as it were; there needs to be another voice; there have to be several voices, not just one voice. I don't think there is any danger in any newspaper in Canada, or at least I don't see it—perhaps you have far more information than I have—but certainly looking at newspapers in Canada there doesn't appear to be that kind of reality at the moment.

**The Chairman:** Mr. Gray?

**Mr. Gray:** May I make a personal comment?

**The Chairman:** Certainly.

**Mr. Gray:** I would have thought—I don't know what the point is but beyond a certain point when they start to grow too large when the chains become too great we are in a real danger. I don't know quite how to express it but I remember back in the days when Lord Thomson was gathering together all of the newspapers—and as you go around the country you begin to see it—now, he was scrupulous in keeping editorial control in the hands of the local editors and to the best of my knowledge never interfered in the actual editorial, running of the paper. But other than that there is an air about them as you know. I would prefer personally to have newspapers owned individually if that were possible.

**The Chairman:** I have just one other question for Mr. Gray and then I will come to you, Senator Prowse. I am aware of the fact that you were a former assistant editor of *Maclean's* magazine in the 50's.

**Mr. Gray:** Yes, everybody was called an assistant editor in those days.

**The Chairman:** I think the Committee would be interested in any opinion you might express about the Canadian magazine industry presently.

You followed these hearings to know about discussions back and forth?

**Mr. Gray:** Just through the press.

**The Chairman:** Well, could you comment on the Canadian magazine industry generally?

**Mr. Gray:** Well, our current magazine situation obviously is very difficult. There aren't enough of them and they aren't very good. One of the encouraging things and we do hope that it will work out economically is the specialization of magazines. I assume that we will see more of that in the future as there is a larger economic base. But, by and large, the magazine industry doesn't seem—it is not healthier than it was 10 or 15 years ago and it wasn't that healthy at that time.

**The Chairman:** Is there a future for the magazine industry in Canada?

**Mr. Gray:** Well, let's put it this way; at this particular point, and I don't know if I am speaking out of turn or not—but at this particular point a magazine like *Saturday Night*, which is under the editorship of Bob Fulford, has once again become an important magazine in Canada. I understand that it is not as healthy financially as it should be or perhaps it is even in real danger. I don't know specifically and I wouldn't want to put them in public troubles; but if we lose that magazine we have lost something of actual permanent value and as I understand it is not that much money to make it work. In terms of broadcasting, it is just a drop in the bucket.

There are certain areas of concern and information that seems to be better handled in print than in other ways. I think we need the magazine quite frankly. We need the magazine the same as we need the newspapers because I think we need the multiple choice.

**The Chairman:** Senator Prowse?

**Senator Prowse:** You are a group of people that are so concerned with the Canadian image and who resist the American image and I am intrigued with the fact that your brief is set up on the 1.1, 1.2, 1.3, which is an American set-up.

**Mr. Gray:** No, it is a requirement of the Committee, Senator. Like I said in the outline—I have written, or we have never written anything in these terms but it asks that the paragraphs be numbered that is why they are numbered.



**Senator Prowse:** No, but 1.1, 1.2, 1.3—that is a little different numbering?

**Mr. Gray:** That is the system that we were asked to use.

**Senator Prowse:** This particular form of numbering is an American form of numbering.

Well, what I wanted to get to is this business of copyright. What is your complaint about the Copyright Act and I do have a copy of the Act here if somebody wants to play with it.

**The Chairman:** Mr. Knight?

**Mr. Knight:** Well, there are a number of areas in the Copyright Act which we feel need to be tightened in some way. There are a number of needs in Canadian education that need to be looked after from the point of view of the Copyright Act; but our chief concern is in broadcasting of course.

A writer at the moment makes contractual arrangements with a broadcaster and always, until the time of the introduction of cable, the broadcaster had control over the disposition of that work. That is no longer true. With cable, it is quite possible for a cable operator to pick a broadcast up and distribute it in an area which was perhaps not reflected in the original copyright or in the original contractual arrangement with the writer.

Now, the Copyright Act is in such vague terms that it is not clear as to whether or not the writer has protection for the use of his intellectual material. The cable operator disassociates himself from any responsibility in this matter and because of the advent of the technical uses that can be put by cable satellite and what you will, I think the Copyright Act needs to be up-dated to reflect the technology of today.

The principal purpose of copyright is to safeguard intellectual material, so that the person creating the material can operate within a profession and provide that material for the benefit of society. He must be able to live and the only means he has to live is through the protection the Copyright Act gives him. If the Act doesn't do that, it needs to be changed in order to serve those purposes. This is our main feeling and we are concerned with updating it so it reflects the technical reality of today.

**The Chairman:** Mr. Gray?

**Mr. Gray:** Did you have a specific opportunity to see the specific recommendations that we have made?

**Senator Prowse:** I read your brief yesterday.

**Mr. Gray:** I think that Mr. Knight has covered the major points but it is the mechanical change. The other thing is that it seems to us to be very important that Canada participates in the international agreement at the highest level.

**Senator Prowse:** And you are referring there to a Swedish one.

**Mr. Gray:** Yes, it is the Stockholm version.

**Senator Prowse:** Is that bringing something new to copyright, because I didn't have a copy of that and I didn't know where to get one.

**Mr. Gray:** I believe it is the opinion of those who drafted it that it is the best wording and it covers most of the technology up until three or four years ago. I think it provides certain options which countries can contract out and so on, but the thing that made it difficult, of course, and the reason it hasn't been adopted widely was the protocol and of course the countries are now in the process of sorting that out among themselves.

Generally we hope that Canada will see its way clear to adopt a copyright legislation internally at its highest level and to enter into the international agreement at the every highest level because this is tremendous protection for the Canadian career.

**Senator Prowse:** So there is not really any great change—it is just a matter of catching up with new situations created by changing technology.

**Mr. Knight:** Yes.

**Mr. Gray:** I think it is only fair for us to point out that we have suggested that there be certain changes in the Canadian Act. For example, one of the ones which I would hope to see widely debated in this country is in regards to education. Now, there are certain exceptions for education now, but the technology is such and the use of material in education is such that it looks to us as if that is an area we can examine very carefully. The usual example is that nobody objects to buying the books and nobody objects to

buying the pencils and nobody objects to buying the teachers or paying the teachers—why then should the material—the intellectual material—to be used be in some different category?

Now, you can get into long and very interesting philosophical arguments but I think it is a very simple matter in essence. The other thing is the compulsory licensing in the current Act. There are suggestions that there be compulsory licensing for certain purposes and we are worried about that because of the data-retrieval system to come. Now, if there is compulsory licensing for any material...

**Senator Prowse:** By compulsory—would you explain what compulsory licensing is?

**Mr. Gray:** Well, as I understand it compulsory licensing—it means that under certain circumstances and at certain times your material can be...

**Senator Prowse:** It will force me to release my material?

**Mr. Gray:** Yes, or allow it be used in a certain way.

**Senator Prowse:** Yes.

**Mr. Gray:** If for example, there is a compulsory licensing system which allows that material to be inserted in a computer or a data-retrieval system without the permission of the copyright owner, who ever he may be, then you are in real trouble because once it is in I don't think you can really control it.

**Senator Prowse:** Once that data retrieval system gets into something with a satellite on top of it.

**Mr. Gray:** That's right, senator.

**The Chairman:** Mr. Knight?

**Mr. Knight:** We are concerned also in another area of copyright. We haven't spoken publicly on this yet, but we will be doing so in the near future and that is in relationship to the Rome Convention of Neighbouring Rights which has the effect of granting some degree of copyright protection to a performance by a performer. Not the written words which is being performed but...

**Senator Prowse:** But to the performance itself?

**Mr. Knight:** Yes, to the performance itself. This is protected separately in Great Britain under the Performers Protection Act.

**The Chairman:** I am not sure that I understand what you mean.

**Mr. Knight:** You see, there are two kinds of copyright. Written work of the poem can be protected and my reading of the poem has at this moment in Canadian law not been protected but it is protected by an International Copyright Act known as the Rome Convention of Neighbouring Rights.

**The Chairman:** Well, I am sure your reading would be worth protecting.

**Mr. Fortier?**

**Mr. Fortier:** As you probably know there is a reference in the Copyright Act to performing rights.

**Mr. Knight:** Yes, performing rights but it is the performance of his written work, not my performance of his written work that is being protected by the Copyright Act at the moment. There is a difference. If I may explain: our concern about it at the moment is that a little Japanese machine which is being largely distributed amongst educational outlets in Canada at the moment and in various other areas. It is a half-inch video-tape recorder which you can buy for as little as \$800.00. You can attach it to your television set and you can record anything that comes over on half-inch tape. You can replay this and many of the educational authorities in Canada at the moment are doing just that. They are keeping the television sets on constantly, recording everything that is coming in that is of any value to them and then playing it back and distributing it amongst large areas of school boards and that sort of thing. We are very concerned about this because this is completely outside of any contractual arrangements which we have with the broadcasters. Yet, quite obviously, we cannot hold the broadcaster responsible for it, since it is no act of his that is causing this distribution. So it is this that we are looking at at the moment. We haven't come to any final conclusions about it but we are very much concerned about it.

**Mr. Fortier:** Senator Prowse has just put a copy of the Copyright Act before me. It indicates that the musical performer is protected in cases of literary, dramatic, or musical work, any record, perforated roll, cinematograph film, or other contrivance.

**Mr. Gray:** Yes.

**Mr. Knight:** No, I don't believe so.

**Mr. Fortier:** Well, I had occasion to discuss that with the Honourable Mr. Basford about six months ago and you may recall when the Sound Recording Licence was set up—SRL.

**Mr. Knight:** Yes.

**Mr. Fortier:** Yes.

**Mr. Knight:** The record manufacturer has the right but not the performer.

**Mr. Fortier:** Well, there was a discussion between the Minister and the people that I was representing—however that is in another field. The question I wanted to ask Mr. Knight or Mr. Gray is this. In Appendix A dealing with the matter of copyright you suggest in Recommendation Number 5;

"That a new Copyright Act clearly prohibit all unauthorized uses of copyright materials, no matter how this is accomplished, and in particular that photocopying, copying off air, and transmission by cables and all similar devices, be brought under control of the Copyright Act."

Are you suggesting that the concept of anything that is broadcast through the air becoming a public property should now be removed and that if it is received by a broadcast undertaking that it be protected also?

**Mr. Gray:** I am not a lawyer so I wouldn't want to get involved in legal definitions here but really what we are concerned with is not the transmission but the copying of the transmission for further use.

**Mr. Fortier:** Well, you have defined it in a way which is quite clear so the transmission in itself—you are not suggesting that it should be protected?

**Mr. Gray:** No, we are not suggesting it here but there may be people that feel that way.

**Mr. Fortier:** Yes.

**Mr. Knight:** Like the Canadian Football League for instance.

**Mr. Gray:** Yes, but that comes under cable.

**Mr. Fortier:** Yes.

**Mr. Gray:** It is when you take it and then retransmit it or carry it, but that is an area that I am not an expert on.

**The Chairman:** Senator Bourque?

**Senator Bourque:** I would like to speak on Quebec.

**The Chairman:** Would you like to speak before Mr. Fortier?

**Senator Bourque:** No, I will yield.

**Mr. Fortier:** I wonder if you would care please to refer to Paragraph 4.6 of your brief wherein you make a tax proposal and expand a little on what is meant by the last two lines.

"The private sector (should) be required to carry a substantial portion of Canadian programming and that its commercial revenues be taxed appropriately, the taxes to be a percentage of its gross revenue."

Would you care to explain that a little further?

**Mr. Knight:** Well, what we are concerned about there, without getting into the specific and details of the proposal, what we are concerned about really is the ability of the CBC to program in a free fashion. That would allow the introduction of more Canadian materials than it now has and would allow a greater balance of programming than it now has and also would provide revenue for the private sector so that they too can match the CBC performance in the promotion of Canadian material. We feel the way to do that would be to free the CBC of the obligation—perhaps I better not use that word but—the necessity of seeking commercial revenue and leave the commercial field entirely open to the private broadcasters, so that they can get the full benefit of what money is available for commercial field and therefore add to their resources so that they can begin programming. There is a possible source—and it is on that type of suggestion now that we are talking—there is a possible source of one area for further revenue for the CBC if that becomes necessary and that is perhaps a special imposed tax upon the private broadcaster based upon their gross revenues.

**Mr. Fortier:** On another subject, Mr. Knight, you discussed very briefly a short while ago your concern for encouraging actors' talents and you say that after four presentations a man becomes eligible for membership in the association.

**Mr. Knight:** Yes.



**Mr. Fortier:** How many of ACTRA members are fully professionals? The view has been expressed, for example, by television stations and radio stations before this committee that they were required to pay a minimum wage to actors some of which were fully professional and others, in their opinion, who did not deserve even the minimum wage that was written into your contract.

**Mr. Knight:** I would suggest that it is very bad management practice that can't recognize good talent from bad talent in advance of putting on a show. If he doesn't have a discrimination in judgment to recognize good talent from bad then he shouldn't be in the business.

**Mr. Fortier:** Is there bad talent in ACTRA?

**Mr. Knight:** Yes, there is bad talent everywhere. You see we don't control who is hired and we don't control, therefore, those people who become eligible for membership. The broadcasters do that and it is only the broadcasters who can hire a person as a performer and it is only by being hired as a performer that you become eligible as a member of ACTRA. If the person is a bad performer—and there are not that many of them but there are some—you know, it is a fairly large membership—and if a person is a bad performer it is a result of four bad judgments by broadcasters.

**Mr. Fortier:** So there is no self-discipline or internal discipline?

**Mr. Knight:** Oh, by all means.

**Mr. Fortier:** There is?

**Mr. Knight:** Yes, there is. We have a Code of Discipline which we impose on our members by a system of fines and suspensions etc. for un-professional behaviour but we cannot be the judge of their talent. We are not equipped to judge anybody else's talent. The only person that can make that judgement is the person who is willing to pay for it.

**Mr. Fortier:** And the only sanction, of course, would be that a qualified broadcaster does not hire a bad actor?

**Mr. Knight:** Well certainly not a second time I shouldn't think.

**Mr. Fortier:** Another criticism which we have heard expressed justifies queries that the minimum salaries, negotiated by ACTRA

on behalf of its members, are much too high and that they inhibit some broadcasters from going into areas of original programming as much as they would like to because they can't afford the going prices?

**Mr. Knight:** I don't believe so. This is a question that depends on a number of relationships with ACTRA. We base our negotiations with the broadcasters and negotiate with them. We don't impose prices or conditions. We negotiate with the broadcaster in order to achieve this and the resulting public agreement is signed by both parties. It is something that they both agree to and they agree to this as a result of very brief negotiations.

Now, our rates are set up on the basis of a minimum rate for a network performance and there are a series of discounts by which they can reduce that rate by the fact that they have reduced the size of the audience that the broadcast is being sent to; or by the frequency of use; or for the number of times a performer is being engaged. That is presuming that we are dealing with the CBC and the CTV.

With local stations we negotiate local rates, specifically designed for their needs and local conditions. Now very frequently, of course, some of the local broadcasters have refused to have anything to do with us; they won't negotiate rates and then they come and want to hire an individual performer. The rate that is available to him is the public rates but I think the problem lies in the fact that sometimes we haven't been able to negotiate the local rate for them.

**Mr. Paul Siren:** Mr. Chairman, may I extend on Mr. Knight's remark?

**The Chairman:** By all means.

**Mr. Siren:** I think that we really should be aware that, as far as the CBC and CTV are concerned, we have not had an increase of any kind in our minimum rate since 1966 so that the industry should not be complaining that the professional performing community demand increases very often or very frequently. We are probably one of the few communities that has not demanded increases in this period of four years, and just as an example, in the case of CTV network, for a half-hour show the rate for a performer is \$66.00. Surely this is not something that could not be handled by the network. In the case of

the CBC, with a much larger market, it is \$70.00. As Mr. Knight indicated, this is discounted on the basis of frequency of use and if the performer is required to work more often, he is guaranteed a certain continuing contract for 13 weeks or 26 weeks and so on, then these rates are discounted.

I merely wish to place on the record, sir, that our opinion is that our rates are not only fair, but they are below standard in many ways.

**Mr. Fortier:** Have you any evidence, given these answers, which appear to be very clear, have you any evidence that Canadian broadcasters could afford to do more original programming?

**Mr. Knight:** Well, I think it is probably a question of the whole organization of the private broadcasters. Most of the arguments that they have been presenting to the CRTC, are based on the propositions that each broadcaster has to fend for himself; each broadcaster has to supply all of his own programming which of course, is probably not the truth. A program which can demand a reasonable audience in Winnipeg, so long as it is not an entirely parochial program, can certainly get an audience in Vancouver, Toronto, Montreal, and in Halifax. What has not been looked at is any means of introducing the independent producer into the situation; the producers who will produce independently as an individual and then distribute his program around the broadcast community. This has been done quite frequently which is a perfectly good example, and there are others in the field. Broadcasters themselves have frequently created a program for their own station then distributed them amongst other broadcasters. Most of the arguments that the private broadcasters have been presenting, both to the CRTC and—I don't know what they have been saying here but they probably have been saying something of the same kind of idea—are based on the proposition that each station has to program for itself which is clearly not true. They have never done it with the importation of American programs—you know, they are independent and they pay only their share of the cost of that program; not for the whole part of the program, I think that is something that needs to be looked at very carefully.

The CTV is a perfectly good example. The CTV as we understand it—now, perhaps we are wrong since we haven't really been able to look at the public structure of the CTV—

but the way we understand CTV is that it is, in fact, a co-operative of a number of stations whose function is to provide those stations with programming. There is nothing on that basis that would require CTV to do any better than break even. Since it is a co-operative of the stations, the stations themselves are paying for the cost of CTV. This is a perfectly good example of the type of institution that has to be considered and perhaps looked at and not necessarily through a network, but through some means of strengthening the resources of the broadcasters together in order to provide for their collective program needs. I don't think this aspect of it has been closely looked at at all.

**The Chairman:** Senator Bourque?

**Senator Bourque:** I should have spoken before because I would have had more to say but you have just answered one of the questions about the fact that a French artist can go into Vancouver or anywhere. Do you have control over the Province of Quebec?

**Mr. Knight:** Not it all. No. We have an office, as a matter of fact I live in Montreal myself and we have an office in Montreal, but we are only concerned with English broadcast in Montreal, not the French.

**Senator Bourque:** Not the French?

**Mr. Knight:** No. The Union des Artistes is responsible for the French network, both private and public.

**Senator Bourque:** Well, as you know we have many French weeklies and there are two or three that are devoted to the stage and music. I have been reading these for a long time and I was going to ask a lot of questions along this but there is no use if you don't have any control over the French artists.

**Mr. Knight:** I am afraid not.

**Senator Bourque:** Thank you.

**The Chairman:** May I ask you one question about a piece of rhetoric that is in your brief. At the end of Paragraph 2.3 you are talking about the differences between the United States and Canada and you say:

"There are many differences. There are differences of origin, of language, of culture, of government, of law, of economic organization, of aspiration, differences that have become painfully obvious to



many (particularly younger) Canadians in the last ten years."

Do you think it is true that the younger Canadians are inclined to see these differences more clearly?

**Mr. Gray:** Well, I have a large reason for supporting a statement of that kind and because of the last moments of that CRTC hearing yesterday, I am able to give you some specific examples.

**The Chairman:** Please.

**Mr. Gray:** Through this year I have had some association with the University of Waterloo, with students there in an experimental program, and I don't think it is unfair to say that the young people that I have met there have a view of United States, in particular, which was much different than when I was in university. They are much more skeptical. Some of them are very aware of the problems and in a sense they are kind of on the verge of being Canadians, in other words, they are becoming aware and they are more interested directly in Canada than, it seems to me, we were when I was in university. I suspect that among the youngsters in Canada, there is no doubt that there is nationalism—there is no other word for it other than "nationalism" so I'll use that word, but I want it understood in a positive sense. There is a feeling about Canada which is very real, very deep and they are looking for some expression of that, looking for some way as to be that or to say that.

Now, last night there were three youngsters at the CRTC hearings—there were two unscheduled appearances—three people altogether, two and then another young lad. They were all young people and the first two of them were from Ottawa. I don't know their names but they came forward and they had all kinds of suggestions as to how they wanted to make the CBC work and to make it Canadian. The suggestion that struck me most was, that they thought it would be a very good idea to program all of the commercials in the American programs and no commercials in the Canadian programs and then we would have no problem in deciding which was which. Following that, there came another young lad and he was a much more serious than the previous boys. He came up and Mr. Juneau asked him, "how did you get here?" and this boy said, "Well, I heard about this, I was watching "W-5" and "Week End" and I

heard you talking about these things and I realized that it was a very important discussion that was going on up here. I wanted to be part of it and so I have taken two days off work and I have come up here." He then told the commission what he thought of them, which included the fact that he didn't think they were getting through to the young people; but he did express a very clear concern, which I myself have, being among young people and being among my own children. The young people in Canada today are very concerned about their own country and I think it behoves some of us in middle-age to get off our back-sides and recognize that.

**The Chairman:** The reason I put the question—I don't, even for a second, question the concern but I think the skepticism is not with the United States—it is with the Establishment and I think the life style, the protests and the music are all American imported.

**Mr. Gray:** Well, there is no question about the life style, but that's what these boys were saying yesterday. They were in fact—if I understand this country and they want to be words into their mouths—but if I understand them properly, they really want—it is a terrible phrase, but I have to say it—they want to do their own thing and I think that is what they want to do. In one sense they want to understand this country and they want to be part of it. If I understand some of the things that are going on in French Canada at all, that is one of the things that the French Canadians have said to us. I came back to Canada after some years away. We were in England for 8 or 9 years and that is a very good place for a writer. You know, you can make a good living and people pay attention and treat you with respect. But one of the reasons I came home is that my older children—they insisted we come. That is one of the reasons—that is not the only reason but they wanted to come back because they said that is a very exciting country and it was 1967 and they made up their minds.

**The Chairman:** Is there a happier climate here for writers now than when you went to Britain?

**Mr. Gray:** Not really.

**The Chairman:** It hasn't changed?

**Mr. Gray:** Not nearly enough.

**The Chairman:** People still look at you strangely!



**Mr. Gray:** They don't vocalize it.

**The Chairman:** Senator Quart?

**Senator Quart:** May I just add a few words to what Mr. Gray has said.

**The Chairman:** By all means.

**Senator Quart:** You may talk about your children; in my position, I talk about grandchildren. Maybe they are too young yet to express opinions but I have heard one of my grandsons—and they are all of a certain age—one is a lawyer and I haven't heard one of them express a wish to go to the States. When I was young, I studied dramatic arts, but I never really got into acting. In my day, it was a great idea for everyone to go into the States but I haven't heard one of these young people, either my grandchildren or my sons express a wish to go to the United States. I quite agree with you that they are probably much more Canadian than I was—than I am now.

**The Chairman:** I must confess that I am thinking of the day that the underground press were here and those people were certainly not nationalistic in their approach, but however thank you and Senator Quart.

**Senator Bourque:** May I just ask one further question.

**The Chairman:** Yes.

**Senator Bourque:** In view of the fact that you have told me that you have nothing to do with the French artists, supposing for instance we have a good play in Montreal and they would like to go to Vancouver and they can get an engagement; have you a reciprocal arrangement with the people so that they can go to Vancouver and another troop from Vancouver can come to Montreal?

**Mr. Knight:** Yes, we do. Unfortunately however, our jurisdiction is limited. We are a purely Canadian Association but our jurisdiction is limited to television and radio so far as actors are concerned. There is another association that manages the stage known as Actors' Equity Association which is an American-based union. There was an agreement between the two associations the *Union des Artistes* and *Actors' Equity*. As far as we are concerned, within television, as far as an individual is concerned—he may work in either jurisdiction, French or English, three

occasions per year without any cost or anything to him; beyond the three occasions he must comply with the constitutional arrangements of the association which he is joining. In my case, if I play in French, and I have on a number of occasions, I would then, after the third occasion in any one year, have to buy a working permit from the *Union des Artistes*; and as far as we are concerned then a French actor would have to become a member of ACTRA. That is dealing with the individual. When you are dealing with a production that is transferred from the French to the English network, there is no inhibition whatsoever. But a strange thing however, Senator Bourque, and a thing that disturbs us a great deal, is that it so rarely happens. It disturbs us a great deal that the CBC, which is operating two networks, French and English, is not doing a great deal more transferring from one network to the other. It disturbs us very much indeed, that this is not happening and there is really no inhibition in any of the agreements which would prevent it.

**Senator Bourque:** What I was particularly interested in—was not the dancing, because dancing can go anywhere; if you dance in English or you dance in Russian it is all the same. I was speaking of drama; do you know what there is? I don't think there is any possibility of a French-speaking group going to Vancouver because if they spoke in French there wouldn't be enough people there to pay their fare.

**Mr. Knight:** La Comédie Française does it.

**Senator Bourque:** It does?

**Mr. Knight:** Oh, indeed it does.

**Senator Bourque:** In French?

**Mr. Knight:** Oh, yes. It plays in New York, Chicago, and it played in Vancouver on its most recent tour I believe.

**Mr. Gray:** It even plays in Toronto.

**Mr. Knight:** Yes, even Toronto.

**Mr. Fortier:** Didn't Gascon do it in...

**Mr. Knight:** Stratford?

**Mr. Fortier:** Yes, Stratford.

**Mr. Knight:** Yes, it is quite possible and as far as television is concerned, the techniques are such now that even if the language is an

inhibiting factor, you can dub these into the other language. There is no technical problem in translating it into another language.

**The Chairman:** Well, thank you very much, gentlemen. I think this has been a very appropriate hearing which is our next to the final hearing. I think you have brought views which have been of great value to the Committee. I think it was important. We were anxious to obtain the opinions of the working newspaper men and we still have steps to take to obtain more of those opinions. We

wanted to have the opinions of working members of the broadcast industry and the people who are associated with ACTRA. We are particularly grateful that you have come. I realize that it was an imposition to ask you to come down here, particularly following your appearance before the CRTC and that makes it doubly grateful.

Thank you.

**Mr. Knight:** Thank you Senator Davey and Senators.



Second Session—Twenty-eighth Parliament  
1969-70

# THE SENATE OF CANADA

PROCEEDINGS

OF THE

SPECIAL SENATE COMMITTEE

ON

# MASS MEDIA

The Honourable KEITH DAVEY, *Chairman*

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**No. 43**

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FRIDAY, APRIL 24, 1970

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WITNESS:

*Honourable Gérard Pelletier, P.C., M.P., Secretary of State.*



MEMBERS OF THE  
SPECIAL SENATE COMMITTEE ON MASS MEDIA

The Honourable Keith Davey, *Chairman*

The Honourable L. P. Beaubien, *Deputy Chairman*

Beaubien  
Bourque  
Davey  
Everett  
Hays

Kinnear	Prowse
Macdonald ( <i>Cape Breton</i> )	Quart
McElman	Smith
Petten	Sparrow
Phillips ( <i>Prince</i> )	Welch

(15 members)

Quorum 5

## ORDERS OF REFERENCE

Extract from the Minutes of the Proceedings of the Senate, Wednesday, October 29th, 1969.

With leave of the Senate,

The Honourable Senator Davey moved, seconded by the Honourable Senator Lang:

That a Special Committee of the Senate be appointed to consider and report upon the ownership and control of the major means of mass public communication in Canada, in particular, and without restricting the generality of the foregoing, to examine and report upon the extent and nature of their impact and influence on the Canadian public, to be known as the Special Committee of the Senate on Mass Media;

That the Committee have power to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of the inquiry;

That the Committee have power to send for persons, papers and records, to examine witnesses, to report from time to time and to print such papers and evidence from day to day as may be ordered by the Committee;

That the Committee have power to sit during adjournments of the Senate and that Rule 76(4) be suspended in relation to this Special Committee from 9th to 18th December, 1969, both inclusive, and the Committee have power to sit during sittings of the Senate for that period;

That the papers and evidence received and taken on the subject in the preceding session be referred to the Committee; and

That the Committee be composed of the Honourable Senators Beau-bien, Davey, Everett, Giguère, Hays, Irvine, Langlois, Macdonald (*Cape Breton*), McElman, Petten, Prowse, Sparrow, Urquhart, White and Willis.

After debate, and—

The question being put on the motion, it was—

Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Thursday, November 6th, 1969.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Smith:

That the names of the Honourable Senators Giguère and Urquhart be removed from the list of Senators serving on the Special Committee of the Senate on Mass Media; and

That the names of the Honourable Senators Bourque, Smith and Welch be added to the list of Senators serving on the said Special Committee.

The question being put on the motion, it was—

Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Thursday, December 18th, 1969.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Smith:

That Rule 76(4) be suspended in relation to the Special Committee of the Senate on Mass Media from 20th to 30th January, 1970, and that the Committee have power to sit during sittings of the Senate for that period.

After debate, and—

The question being put on the motion, it was—

Resolved in the affirmative, on division.

Extract from the Minutes of the Proceedings of the Senate, Friday, December 19th, 1969.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Langlois:

That the names of the Honourable Senators Bélisle and Phillips (*Prince*) be substituted for those of the Honourable Senators Welch and White on the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—

Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Tuesday, February 3, 1970.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Langlois:

That Rule 76 (4) be suspended in relation to the Special Committee of the Senate on Mass Media from 10th to 19th February, 1970, both inclusive, and that the Committee have power to sit during sittings of the Senate for that period.

After debate, and—

The question being put on the motion, it was—

Resolved in the affirmative.



Extract from the Minutes of the Proceedings of the Senate, Thursday, February 5, 1970.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Haig:

That the names of the Honourable Senators Quart and Welch be substituted for those of the Honourable Senators Bélisle and Willis on the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—

Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Tuesday, February 17, 1970.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Connolly (*Halifax North*):

That the name of the Honourable Senator Kinnear be added to the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—

Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Tuesday, March 3, 1970.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Denis, P.C.:

That the name of the Honourable Senator Langlois be removed from the list of Senators serving on the Special Committee of the Senate on Mass Media.

The question being put on the motion, it was—

Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Tuesday, March 3, 1970.

With the leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Denis, P.C.:

That Rule 76 (4) be suspended in relation to the Special Committee of the Senate on Mass Media from 4th to 13th March, 1970, both inclu-

sive, and that the Committee have power to sit during sittings of the Senate for that period.

The question being put on the motion, it was—

Resolved in the affirmative.

Extract from the Minutes of the Proceedings of the Senate, Thursday, March 19, 1970.

With leave of the Senate,

The Honourable Senator McDonald moved, seconded by the Honourable Senator Smith:

That Rule 76 (4) be suspended in relation to the Special Committee of the Senate on Mass Media on 24th and 25th March, 1970, and from 14th to 23rd April, 1970, both inclusive, and that the Committee have power to sit during sittings of the Senate for that period.

After debate, and—

The question being put on the motion, it was—

Resolved in the affirmative.

ROBERT FORTIER,  
*Clerk of the Senate.*

## MINUTES OF PROCEEDINGS

FRIDAY, April 24, 1970.

(43)

Pursuant to adjournment and notice the Special Senate Committee on Mass Media met this day at 10.00 a.m.

*Present:* The Honourable Senators: Davey (*Chairman*); Macdonald (*Cape Breton*), McElman, Petten, Prowse, Quart and Smith. (7)

*In attendance:* Miss Marianne Barrie, Director and Administrator; Mr. Borden Spears, Executive Consultant; Mr. Yves Fortier, Counsel; Miss Cécile Suchal, Research Assistant; Mrs. Peggy J. Pownall, Executive Secretary; Mrs. Judy Walenstein, Secretary.

The following witness was heard:

Honourable Gérard Pelletier, P.C., M.P., Secretary of State.

At 12.25 p.m. the Committee adjourned to the call of the Chairman.

*ATTEST:*

Denis Bouffard,  
*Clerk of the Committee.*





## SPECIAL SENATE COMMITTEE ON MASS MEDIA EVIDENCE

Ottawa, Friday, April 24, 1970.

The Special Senate Committee on Mass Media met this day at 10 a.m.

**Senator Keith Davey** (*Chairman*) in the Chair.

**The Chairman:** Honourable Senators, if I may call the session to order.

Ladies and gentlemen and Mr. Minister, for all intents and purposes this is our final public hearing and certainly it is the last public hearing in the series which began on the 9th of December. For that reason, and particularly in view of the witness we have with the Committee this morning, I think it is perhaps useful for me to repeat something that I said many times and in many places and I stress it again this morning, that the initiative I took in proposing this Committee was entirely my own. It had nothing to do with Prime Minister Trudeau or the Government of Canada.

Now, notwithstanding that fact—indeed perhaps because of it—I think it is entirely appropriate that our final witness—our witness this morning—is the federal Minister responsible for the Broadcasting Act. I think that is even more so the case when the Minister in question, the Hon. Gerard Pelletier is also a former journalist quite literally of national reputation as you know. He was the editor of *La Presse* for example from 1961 through 1965, and so in welcoming you this morning, Mr. Pelletier I first of all would like to thank you for coming and to say that the Committee is anxious to question you and to have your views on a wide range of matters.

I should say, perhaps, to put you at ease, although I am sure it isn't necessary, that happily there is a ministerial precedent for your appearance before this Committee. When Mr. Kierans was before the Committee, in February, he said a great deal in his capacity as a Minister of the Crown, but he also offered many opinions to the Committee making clear that in these opinions, he was speaking less as a minister than as a concerned Canadian.

And so this morning we are anxious to have your views on a wide range of matters, we hope that you won't be too inhibited by the fact that you have ministerial responsibilities. I think, however, I should assure you that as chairman I understand, and members of the Committee certainly do understand your posi-

tion. So by all means please do let us know when you are speaking in your official capacity and when, indeed, you are expressing views which are your own and not necessarily those of the Government.

We have a very relaxed and informal structure here. We often ask the witness if he would like to make any kind of an opening statement. We have, of course, received written briefs from most of the witnesses who appeared before us—obviously that hasn't been the case with you. So if you would like to say something informally now we would be delighted and if not we will proceed right to the questioning.

**The Hon. Gerard Pelletier, Secretary of State:** The only thing I wanted to say, you just said. I am ready to answer a certain number of questions in a strictly personal capacity on the basis of my experience as a professional journalist of 25 years. However, I would like to make it even clearer if this is possible, which I doubt, because you made it clear yourself. I would like to make a clear distinction every time that I am speaking out of an experience that has been terminated for me about four years ago and when I am answering as a Minister, if you have some questions about the institutions that report through me to the House of Commons. But besides that I think that the question and answer procedure would be the best.

**The Chairman:** Thank you. In a few minutes I am going to ask Mr. Fortier to ask you some questions about the Broadcasting Act. But I thought I might begin by asking you some general questions about print. When we asked witnesses to come before the Committee, we forwarded them a set of guidelines and asked them to answer some of these questions. It wouldn't be possible, I am afraid, to put all the questions to you because it would take too much time, but I thought I might just ask you to make comments on several of them. For example, just as a first question, I thought I would ask you what is your understanding of freedom of the press? Is it now threatened? Is it adequately protected and what responsibilities go with it? Just a general discussion on the freedom of the press as you understand it.

**Mr. Pelletier:** Well, freedom of the press I think is not freedom to publish anything. I do think that the freedom of the press is printing the facts about any situation, and it is at the

same time a freedom and a duty. I think the information function of the press is based on honesty and a term that is not as popular in press circles as it used to be, objectivity, which is very hard to define. I concede that from the start.

Freedom of the press is, of course, limited by ethics in the information part of a newspaper or in the information services of a radio or TV station.

The freedom of the press is, of course, also the freedom of expressing opinions. I think not only has the press a right to do it, but also it has a duty to express opinions; but I have always been of the school that wanted to have as tight a compartmentalization between editorial and reporting as can be. I don't think that it can be absolute because more and more with the presence of television, the written press have to give background and in a certain way to indulge in commentary which blurs the line of division a little bit.

Basically I don't think that freedom of the press is under any serious threat in Canada. I have my qualms about the monopolies, or so-called monopolies of the press in a particular area. I find it very difficult to define what an information monopoly is, but I think that an effort should be made to come to some definition as precise as it can be made. The danger seems to come from these huge organizations. This is my personal view of it. There is also another one which is, in many newspapers, the difficulty of articulating the views of the board of administrators and the policies of the newspaper or the freedom of the newspaper to inform and express opinions.

I have lived through a very painful incident in my life on this very point, but this would lead me into the professional status of newspapermen and—

**The Chairman:** Well, why don't you talk about that, please?

**Mr. Pelletier:** Well, there is a tension which to a certain extent is inevitable for the board of administrators in a newspaper and the professional staff of newspapermen. For instance, in a certain paper that I was associated with, the administrators wanted to print an editorial on the front page signed by one of the board members, and I as the editor said no. And they said "Why not? If you are allowed to do so as our employee, why should not we as administrators of the newspaper, be in a position to do the same thing?" And the only answer I had was that as a professional journalist I had learned how to do that and they hadn't. They didn't like the answer of course, but I have always felt that—in a larger mood you know, but I think it is relevant—I don't know how

many of you remember a very good piece by Robert Benchley who used to say the usual citizen doesn't pretend to have a cure for cancer but all citizens have a cure for hiccups. The normal citizen doesn't pretend that he can be an engineer or an atomic scientist, but I know very few citizens who don't have deep down in their conscience the conviction that they could be a fairly good journalist.

**Senator Prowse:** They all want to write a book.

**Mr. Pelletier:** This is not my way of looking at it. I think it is a profession—I think it entails very strict technical knowledge, even in the editorial section of a newspaper, and I think that the articulation of a board of administrators with the professional staff that runs the paper is one of the major problems.

I can't pretend that I have found the solution because while looking for it I was kicked out of the newspaper.

**The Chairman:** And you went into another profession which the public feels equally competent in!

**Mr. Pelletier:** That is right.

[Translation]

**Mr. Fortier:** Mr. Minister, on this note, do you accept, professionally, that the owner of a newspaper defines what may be called the parameters of his thought, the parameters of his policy, and compels his editor, his editorial team, to limit itself to editorializing within the bounds of these parameters?

**Mr. Pelletier:** Yes, I accept it, but I think that this definition must be made—we are in the editorial field?

**Mr. Fortier:** That is correct.

**Mr. Pelletier:** I think that this definition must be made if a newspaper is to function properly with the participation of the editor in editorial policy. There are two attitudes which a newspaper can take. It can say: "The thought I wish to express in an editorial, is A, B, C, D, E, F, G, and Mr. Editorial-writer, if you agree with this thought, you are our editorial writer; if not, go elsewhere." There is the second attitude which consists of discussion between the newspaper owners or the board of directors and the editorial writers to reach common ground.

To this I should like to add a simple statement. This is that it appears completely impossible to me to establish all shades because the board of directors can produce a document whose broad outline, the parameters as you call them, will be established. But, daily, editorial writers have to write, and



although it is certainly not possible to see all details, one can keep within the boundaries of a certain concept. I shall give a current example. A Canadian newspaper, at the present time, can decide, for example, to be separatist or federalist, can decide to be nationalist, and can decide to be absolutely indifferent to certain national values, in every case; and this constitutes a general line of thought. It is perfectly legitimate, in my opinion, for the director of a newspaper to tell his editorial writers at any time: "Here is the newspaper's orientation, this is it." It is a matter of discussing it with them if it is to work out. It is necessary that they discuss it with them.

**Mr. Fortier:** The owner and the board of directors owe themselves the right to have the last word?

**Mr. Pelletier:** They owe themselves the last word, that is to say that they have the authority, and you cannot deny it to them. But, I think that for the smooth functioning of a newspaper, if professional newspapermen are not concerned with establishing a proposition such as this, you will have an extremely rigid position, on the one hand, or perhaps without significance because, once again, the newspaperman's trade, in my opinion, is a profession and you cannot, it seems to me, decide very fundamental things in a realistic fashion without involving people of the profession with people who are in management.

**Mr. Fortier:** Having said this, and to use your example, you accept that the owner in the name of the board of directors, after discussion with the editorial team, says: "Here is my political position." Let us say: "The political position of my newspaper is federalism. Editorialize, with as many shades of difference as you wish, but do not depart from this fundamental position."

**Mr. Pelletier:** In the present organization of the press, I think this is legitimate. And it is inevitable that it turns out like this because, obviously, even if I said that I am against this, I would not be very realistic; because it is the board of directors which pays. But, what I do object to, because it is impractical, is that the board of directors then claims the right to slip its opinions into each of the editorials and to publish or establish a meticulous and fastidious censorship. This is not a matter of ethics or of morality, it is strictly a practical matter of operation. It cannot work if power is not delegated to someone who supervises, if you will, the putting into practice of this editorial policy.

**Mr. Fortier:** It is not a matter of force?

**Mr. Pelletier:** What I find, however, and what I consider invalid, is that a board of directors would presume to tell an editorial room: "On this subject, you will publish no information." For example, very few people will recall, because it is too old, that a certain great newspaper had a senator as its chairman of the board of directors—the moment is right to speak of it here—and for 25 years there was never a mention of the Senate in this newspaper, neither good nor bad. I find this absolutely reprehensible. A newspaper is not a business like others; it has social obligations to the public, that is to keep it informed and to inform it completely and honestly.

**Mr. Fortier:** At the information level?

**Mr. Pelletier:** At the information level. I do not admit any kind of interference in this sense. You do not speak of this, you do not speak of that.

**Mr. Fortier:** What do you think of a President of a radio station—perhaps a hypothetical question—who would instruct his employees not to mention in news bulletins the name of a political party presently offering candidates in Quebec?

**Mr. Pelletier:** I find this unacceptable. But not more so than I would understand or admit that the board of directors of a newspaper should tell its newspapermen: "You will not speak of such an event."

[Text]

**The Chairman:** Well, to get back to these guidelines, I think the next two questions follow very naturally from this discussion. Number 10: Should the mass media lead public opinion or follow it?

**Mr. Pelletier:** First and foremost, I think that there are very popular misconceptions about how a newspaper makes its influence felt on the public. I myself am of the school that the information part of a newspaper is much more powerful in leading public opinion by the information it imparts. I would refer to Walter Lippmann who wrote in "Public Opinion" around 1921 or 1922—in fact I think it is the book that made him famous—that no people can govern itself except in the exact measure of the amount of information that it can absorb. So I think that a newspaper influences public opinion much more by the information it gets to the public than by the editorial it writes and publishes. So I think that in the information part of the newspaper, the ques-

tion is to my mind irrelevant after what I just said. But the newspaper has the duty to inform on major questions. It must be a mirror to society and even if society isn't particularly pleased in seeing that it has warts on its face, it should remain a mirror.

Now, in the editorial part, I do think that it is presumptuous that newspapermen, editorial writers, should try at the same time to enlighten and lead public opinion. That is why I have always been in favour of signed editorials—which is not in the British tradition, I understand, but very much in the French tradition of newspapers—because then you have the exact proportion of the importance of what you are reading. It is Mr. So-and-So's views and not the views of a newspaper that has a circulation of 40,000 or 400,000. It is one individual's, but a professional person's, opinion on a certain matter and there I think it is presumptuous. But I think it is part of the trade that the editorial writer should say, "Well, this is my job—I am supposed to look ahead and I have more time to think about these things and I am supposed to take the risk of expressing my own opinion and pretending it is the right one." I don't think this can be avoided.

**The Chairman:** I think perhaps you might be able to answer this question quite briefly. In your opinion, is there an "establishment" which controls the mass media in Canada, or any one of the media?

**Mr. Pelletier:** I read this question when you sent me this document and I am very embarrassed to answer a question like that because I never could really define to my own satisfaction what an "establishment" is.

**The Chairman:** You will be delighted to know that many of the publishers gave us that same answer.

**Mr. Pelletier:** Yes.

**Mr. Fortier:** It is when you become part of that establishment that it is difficult!

**Mr. Pelletier:** I certainly wouldn't go along with the opinion that there is a mafia of opinion manipulators in Canada who meet secretly in the dark in the Rideau Club every week and say "What is it that we can put on to the Canadian public?" On the other hand, it is fairly obvious that, with the concentration of the printed press particularly, there is a small number of people who control a vast proportion of the information and editorial writing in this country. So I suppose you may say that never have so few had so great an influence on so many. In this sense there is certainly an

"establishment". But I put it in quotation marks because the exact meaning of this question I couldn't define to my own satisfaction.

**The Chairman:** Marshall McLuhan says that television sounds the death knell of print. And there is also a quotation here by Mr. Walter Lippmann—I am sure you saw this quotation—where he says. "Television is adding to the irrationality of the world. It makes everything simpler or more dramatic or more immediate than it is. If you listen to television you cannot find out what is going on in the world. News on television is very good; but you can't live on what they give you. So newspapers are here to stay."—In asking you to comment on this and on Marshall McLuhan's statement I am reminded of a speech you made, and please correct me if I am wrong. I think you made a speech in London, Ontario, in the past year in which you tended to agree with McLuhan, didn't you?

**Mr. Pelletier:** I did but I would make some distinctions. I agree with this opinion of Mr. McLuhan to the extent, and this is the opinion that I was expressing—I was saying that from now on, a dictator in a country who would want to manipulate public opinion efficiently without becoming too odious, could very well let the free press, the printed press, operate and television would be enough to manipulate public opinion. And I was projecting into the future that I think this will become more and more true if the present trend in development goes on.

I was very much impressed personally by the fact that every time there was a major strike in major newspapers either in New York or in Canada the papers that were struck lost some circulation. Part of it was picked up by other newspapers; part of it was gained back after the newspaper went into operation again; but part of it never was picked up by anyone. This means that on every one of these occasions—and God knows over the last ten years how many strikes there have been in New York and Montreal and Toronto and Windsor, and all these places—it means that over the decade—I can't give you any statistics because it is certainly an estimate, but there certainly are, in my opinion, hundreds of thousands of people who just gave away the habit of reading a newspaper. They might read a news magazine, they might pick up a paper sometime on occasion. You see the circulation going up very sharply, for instance, when there is a moon shot or a general election, or something like that. I don't think we can avoid the fact that newspaper readers are diminishing in proportion, though not in absolute terms. With



the increase of population they might be increasing, but I am not familiar with recent statistics on this. But this means that people rely on television.—Some surveys, which I had the advantage of seeing recently, showed that to more and more people—the proportion of people to whom the question was put, “Where do you get the best information and who do you trust?”—TV comes first and the written press comes second.

**The Chairman:** Does that worry you?

**Mr. Pelletier:** As a man who has spent 25 years in the written press, of course it does. I don't think we can do anything about it right now unless the newspapers find the same way as the cinema has found to counteract this trend—the equivalent in the written press of the stereo or the giant screen, or these things—I don't know what it would be.

**The Chairman:** I was going to ask you if you have any idea what that might be?

**Mr. Pelletier:** No. I think the moment I came to this conclusion I left the trade and I have more worries now—I have more things to think about.

But on the other hand, it is fairly obvious that you have, as a result of the increasing importance of television, (and that is where Mr. Lippmann is right, so I am sitting between these two very remarkable gentlemen) I think in every country in the western world, one or two newspapers have developed higher quality than they ever have before because there is a minority—and I am not talking about the elite in the traditional sense—but there is a minority I would say that wants to know more and wants to know more through a better analysis than TV wants to make.

You can always stop reading a newspaper piece and read it again if you want to see exactly what happened. The trouble with television and radio is that once it's gone by, it has gone by, and you can't phone and say “Would you read this part of your news bulletin to me again.” So I am concerned in this way.

But I do think also that newspapers will have to concentrate on what television can't do, and this is particularly the role of the newspaper, a better analysis, going further, checking better before it puts it on the newsstands. I was in the electronic press for some time also and I know that you have very little time to check your information because you have to go on the air very quickly.

**The Chairman:** Mr. Lippmann also says that news in television is very good but you can't live on what it gives you. Would you be inclined to agree with that statement?

**Mr. Pelletier:** I think so and I am disturbed by the fact that so many people think they can.

**The Chairman:** Yes. That was really what I was after when I asked if it concerned you.

**Mr. Pelletier:** To illustrate this fact as an example, from another country, France take *Le Monde*, which is the most austere paper that you could think of, much more so than the *New York Times* which is not particularly a frivolous paper by any measuring. *Le Monde* is even more austere and it has been going up like this. They are now close to half a million circulation in France, and they are going up now, but what they are doing is exactly what Mr. Lippmann is talking about, and that is, giving what the audio-visual media cannot possibly give.

**The Chairman:** I am going to ask you a question which is not from our guidelines and which is a pretty tough question, and probably an unfair question, so you can choose how you wish to skate away from it. Would you comment on the overall calibre of newspapers in Canada?

**Mr. Pelletier:** It is very difficult for anyone in politics to do but without making any specific reference to any particular newspaper, I think that we have some of the best and we have some of the worst, and the space in between is occupied by mediocrity. I don't have a feeling now, that the quality of our written press is going up; but this is only a personal opinion.

I think the main difficulty was that many newspapers in Canada decided to compete with the television or radio in the wrong way, by being more brassy, louder, leaning more on the side of entertainment and sensationalism. There are more newspapers that have taken this way of trying to maintain their circulation than quality, and I think it was a wrong calculation because I see the newspaper of the future as a newspaper of better quality.

**The Chairman:** Do you think that the newspapers in Canada are changing their strategy, or do you see them adhering to the strategy you describe of the entertainment, et cetera?

**Mr. Pelletier:** Well, I haven't seen—as I tell you, it is only an impression, but my impression is that we are not evolving in the right direction generally. I am not speaking of any specific newspaper. I can quote you newspa-



pers that I believe have been improving over the last five or six years, but generally speaking I think they are not.

I think it is a mistake because only the very bad—you know, there will always be a public who will want to know what calibre shotgun Mr. so-and-so used to kill his mistress, or his wife, or his mother-in-law, but I don't think this is the future of the written press in this country. I think that the future is in giving better information, more serious and better checking and verification of all kinds, than television or radio can make. I don't see any indication that, generally speaking, newspapers have taken this orientation. I might be wrong on this but it is my personal opinion.

**The Chairman:** Well, I think it would be unfair to ask you to become more specific on that question, but I do have to ask you about one specific organization and I am sure that it is a question that you would expect this morning.

I am sure the committee would be most interested in your comment on the Canadian Press news service.

**Mr. Pelletier:** Yes. I hesitate to give you an opinion on this because to assess a press agency, you really have to be working in a newspaper and seeing the output on the wire every day.

I would say that while I was in the trade I saw Canadian Press making tremendous progress in many directions. First of all, when I entered journalism it hadn't come to the minds of those in charge of Canadian Press that there were French language newspapers in Canada, for instance. The only thing they were ready to do was to reduce the price you paid for the wire and let you make your translation yourself.

Just on this realm of activity, we came to the absurd situation where you had an English-speaking reporter, for instance—I have a particular case in mind—covering a French-spoken address by the Premier of Quebec. This report of a French speech was sent in English to Canadian Press which had a translator to translate it back into French, and this is exactly how it operated. We eventually got rid of this nonsense to a large extent.

The only thing I could say now about Canadian Press is that for world coverage, CP, to the best of my knowledge, has to rely on foreign agencies much more than they should. This might be a question. You know, they might have very good reasons to do that—maybe it is because the dailies don't want to pay more, or maybe they can't pay more, I don't know. But we have to rely on American agencies, for instance, far too much.

**The Chairman:** Well, you have anticipated my next question. I was going to ask you about the proportion of news originating from non-Canadian sources, so why don't you just proceed?

**Mr. Pelletier:** I would like to give you two examples of that. For instance, in the paper I used to work with we had all the wires, including Agence France-Presse and Reuters and everything we could buy. We would come with all the copy and give it to one man on a particular event and said "Try to make a balanced view of all these conflicting views". This is a way of doing it, but we could find a better one, I am sure.

The example I would like to give you is, for instance, the very poor information you get on the whole area of Latin America. When I was an editor I made it a point of having everything that came from the whole of Latin America on my desk every morning for two months, because I was personally interested in Latin America and I had a hypothesis that the U.S. acted as a screen between Latin America and Canada. I could see that such was the case. Since I am still interested in Latin America very much, I look at the newspapers and I find very little in it, although it is in our hemisphere and although everybody knows there will be about 600 million people there by the 21st century. You know, it is a vital area of the world and communications are difficult there. I can see some of the reasons, but I think that it is really one area of the world where we have no direct feedback on what is happening or what Canada is trying to do there, and I think this is part of the weakness of the Canadian press.

Now, I am not blaming anyone because I am too removed from the field now to know whether it could be better; but I know that when I was an editor, I had to rely on Agence France-Presse on the one side and the Americans on the other which gave very little. Major newspapers like the *New York Times* used to run pretty adequate coverage of Latin America. I found out over the last five or six years they are slipping; they are not as good as they used to be.

A few years ago, if you wanted balanced information on Latin America, you had to rely on the Spanish edition of *The Economist*. I don't know if it is still being published or not, or whether it was a going concern—I never could know because I had no contacts with the people. This is a major weakness, I think, in our system and I don't know, frankly, how it could be corrected, but I think it is a situation which should be corrected.

**The Chairman:** Mr. Minister, I have only three other questions and then perhaps the senators may want to ask some questions on the newspapers and then we will turn to Mr. Fortier who would like to talk to you about broadcasting.

This is a question we put to many publishers. We have asked publishers in French Canada and in Quebec to comment on the way in which events in Quebec and French Canada are covered in the balance of the country, and we have put the reverse question to many people as well—how is English Canada covered in Quebec and French Canada generally? Could you comment on this?

**Mr. Pelletier:** Well, I think it is inadequate but it has been getting better over the last ten years or so. There used to be almost an airtight frontier along the Ottawa River and it no longer exists. You have, for instance, many correspondents from English-speaking Canada in Quebec; and the Quebec newspapers and radio and television, and the CBC, are maintaining correspondents in other parts of Canada. I think there has been progress.

**The Chairman:** I believe about a year ago now you spoke at either the CP dinner or the National Newspaper Awards dinner in Toronto, and I think you complained about the inadequacies both ways. Was this a year ago or two years ago?

**Mr. Pelletier:** I don't think so. I don't think I ever addressed the groups that you mentioned.

**The Chairman:** The reason I think you did was because I think I have quoted from your speech. However, so be it.

**Senator Prowse:** The reason you hope he did.

**Mr. Pelletier:** I didn't really understand what group you mentioned. But yes, I was talking about the amount of information that was being exchanged now and I think there is a tremendous improvement over the last ten years. The quality is not always there. I remember one speech that I made in the west before going into politics, and the comment I made—back at my office when I saw the press coverage—was that the reporter must have entered through the wrong door into a different hall and listened to someone else because he quoted me as having said what someone else actually had been saying.

I think we have much progress to make in this area, particularly. I believe, that you can't have Canadian unity without Canadian

solidarity. This is one of my deepest convictions. And you can't feel solidarity or interdependence with people that you don't know, whose problems you don't grasp, and for whom you can't feel any sympathy because you don't know them. It is also one of my favourite remarks that everybody in Canada is talking about understanding, when we should start with knowledge because understanding can only come afterwards.

The reporting which is being made is not always—and this is an understatement—of the nature to breed understanding; but very often is quite the reverse. I am not advocating that the press, or radio, or television, or the CBC should indulge in propaganda today. But straight information, well presented, I think is the key to a feeling of solidarity between Canadians.

I always like to quote a press conference that I had in the west which illustrates the point. One of the reporters there said "Why the heck should I worry about French in this country? I hardly meet a French-speaking person every month and yet you would like me to concern myself with this problem." And I said "Why the heck should I be concerned about wheat—I don't know how the stuff looks because we don't grow it in the east." There was a little silence and we all agreed that this was what Canada was all about. If they are not to concern themselves with French and we are not to concern ourselves with wheat, there is no Canada.

**The Chairman:** The last question we put to the publishers was this one. "Do you observe an increase or decrease in the degree of credibility accorded by the public to the news and opinion disseminated by the media? Does the degree of credibility vary between media?"

**Mr. Pelletier:** It does and I have seen the results.

**The Chairman:** May I interrupt you long enough—Mr. Fortier has reminded me, and he is perfectly right, that the speech I was referring to in Toronto was by Mr. Claude Ryan. I apologize for that.

**Mr. Pelletier:** I am reminded that these things happen. This is part of the written press. I am always quoted as having said once that the Liberal party was a trashcan. I had no rights on this quotation, it is Ryan's. We both wrote for the same paper for quite some time, so that is where the confusion lies.

**The Chairman:** I am sorry I interrupted you.



**Mr. Pelletier:** Well, I just saw the results of a serious survey and to my surprise, the survey tends to demonstrate that the credibility of television news for most people is higher than the credibility of the newspapers. I was happy to see that the credibility according to this survey is not going down—it is quite adequate. For instance, the number of people who would say that “That is just a pack of lies and I don’t want to have anything to do with information—it is all manipulated in advance.” Is very, very low, in this survey at least. It is quite an extensive study. It is still not published and that is why I am not referring to it more precisely.

**The Chairman:** Well, perhaps I should say that this Committee has done a study which shows the exact same thing.

**Mr. Pelletier:** I was surprised but then I wondered, looking at the results, whether this was not only an indication that more people get their information from television and radio than through the written press. So it might be the fact that they don’t read the newspapers as much as they used to do, that leads them to believe that the credibility of television is better. I am not sure how this comes about.

**The Chairman:** The other question that I wanted to put to you—and I may return later with some other questions, but for the time being the last question—I think the Committee would welcome any general comments you care to make about the magazine industry in Canada. Perhaps it is not something which has concerned you, but you may have views.

**Mr. Pelletier:** No I don’t think I would like to comment on this. I have never worked on a magazine and I am not particularly a magazine reader and I don’t think I could contribute anything to it.

**The Chairman:** I am going to turn to Mr. Fortier who has questions on the Broadcasting Act. Do any of the Senators have questions on things that we have said so far?

**Senator Smith:** Mr. Chairman, I would like to ask a question.

**The Chairman:** Senator Smith?

**Senator Smith:** I would like to ask the Minister, or first perhaps point out to him, that we have had some evidence, or quite strong suggestions, that a great deal of the power in the electronic media relates to the camera itself; it rests with the fellow that pulls the handle on the camera and can destroy an image, with particular reference to politicians. There was one definite complaint made to the

CBC about the camera angles used on a certain public figure at one time which was, in their opinion, very damaging to him, and therefore was unfair and bad reporting. We have had pretty strong suggestions that there is also a lot of power with the fellow back at the radio news department who cuts the tape—cuts out what comes before and cuts out what comes after, leaving a bald statement which doesn’t tell the whole story. Therefore that is power used in the wrong way. As a very distinguished newspaperman, what kind of power is held in the hands of a night editor, for example, who will, because of his bias, whether it originates with him or whether it comes from what he knows are the publisher’s views on the subject, use his power to position a certain news item, or to make sure that a certain kind of headline is put to that story. Is that power an important power for consideration?

**Mr. Pelletier:** I think it is a tremendously important power, but there you wake up my instincts as a journalist. I think that generally speaking—let me make a statement which may not be very useful in terms of changes that we can bring about, but that has to be made—I think that the reading public and the listening public have put such demands on the news media that it forces the written press, as well as radio or television, to work at such a pace with so many decisions to make. For instance, in any daily edition of a major newspaper—we once, just for fun, figured out how many decisions were to be taken of the kind that you just referred to. I kept telling people you can’t put everything on the front page; the kind of type you use; and the relative importance of stories. Well, it ran up into the vicinity of 2,000 decisions of that kind that have to be made for just an ordinary edition of a newspaper.

The radio has also a similar problem because in radio all through the day you get news reports and your public wants you to get them on the air before the other station. So you don’t check them and this is another very serious problem. Radio corrects its mistakes, but not to the same audience to whom they send the wrong information first. I think it is tremendous power for this reason.

Because of the demands of the public on the news media, and many times—I disagree with my political colleagues on this because I have lived through it—many faults or biases, that are attributed or traced back by the ordinary reader to some intention or some bias on the part of the journalist, are just due to the fact that he has to work at such a pace that the mistake is almost inevitable. I don’t know if I am making myself clear.

**Senator Prowse:** You are doing very well.



**The Chairman:** You are indeed.

**Mr. Pelletier:** It is very difficult but just let me use one example a classic example or classic case, I think. When I was the editor of *La Presse* in Montreal, my good friend Maurice Sauvé who was a Minister here gave a speech to a service club in Montreal. He said: "If you want to get on the front page of any of our newspapers, just say something extreme, irresponsible but sensational; but if you make a moderate, well-balanced speech on an issue the way I am doing, you will end up with the obituaries." I was reading that in my home at night and I looked and he was on the obituary page! He phoned me and said: "That is a very good joke." And I said: "It is no joke".

We had a final edition and if we didn't move it out of the building by twenty minutes to three, it just didn't sell, because the circulation was such in Montreal that you just couldn't sell it. And the only page, for technical reasons, that you could hold open was the page with the obituaries on it. He spoke to a service club that finished at two o'clock. The newspaperman could not possibly write his article before twenty minutes to three, so it went into that page. Thus many of the things that people think are inspired by lies are not. I am not saying we never indulged in sensationalism in the paper when I was there; we tried not to but sometimes we were forced to push these things. It is a tremendous power.

In television it is very bad also. I have been advocating for a long time with my friends in television that they try to demystify or to "educate" the public—I put quotation marks around "educate". We tried it once—I did a one hour show with a CBC correspondent who is now in Washington—Madam Judith Jasmin—just to make the TV audience conscious of what you could do by cutting. We took a bit of tape and we chose Franco's Spain and we agreed against it. In the first half we had the interview where I was interviewing Madam Jasmin and what she thought about Franco's Spain and she was against it of course. I went into the details as the interviewer. Then we cut it and ran it as cut—and she was favourable to everything that was done in Spain without adding anything; just by editing.

I think it is not much worse than the newspaper, in the sense that the newsmen are sitting in the gallery listening to an hour's speech by the Leader of the Opposition. He has to boil that down to 16 paragraphs, has to do a heck of an amount of cutting as well. But when you read a newspaper report you say "Well, you know, the speech lasted for an hour—it says so, and here are only 16 paragraphs so there

must be something missing and maybe something important is missing."

The trouble with TV is what you see you don't doubt. And I think that broadcasters should make a point of educating audiences to realize that what they see is not necessarily true because of some of the necessities of cutting it. I don't want to be too long on this, Mr. Chairman, so you interrupt me when you think I am becoming. . .

**The Chairman:** Your answers are most interesting to the committee, Mr. Minister.

**Senator Smith:** I was very interested in your reference to Maurice Sauvé. Just a few days ago I read a reprint of an article in the *London Times* and it was making generally the same point, that a good logical speech by someone who has a new idea, which he wants to get to the public's attention, is a most difficult thing to put over so the public can get hold of it. On the other hand, somebody who has a cause can padlock himself to the iron fence in front of 10 Downing Street and his cause is right there on the front page perhaps. It is a dangerous kind of thing, but you can't blame that on the newspaper or the television. I don't know how anybody can blame anybody for that.

I think you would agree that a lot of the reporting of extremist activities all over the world is due to the fact that it is the kind of thing that perhaps must get the front page. How would you, when you were a professional journalist, feel with that general subject that I am talking about?

If I padlocked myself to the steps of the Mayor of Montreal's office and had to be forcefully removed with all the drama that is attached to a hot flame, and so on, would your paper give that a pretty good run as a story and carry with it the point I was trying to make?

**Mr. Pelletier:** It is a very difficult problem. On the one hand my general comment would be that it is the "man bites dog" kind of angle, which would always get ahead of the "dog bites man." However, there is also another angle. I don't like and I have never liked the people who were in the newspaper business primarily to sell copies of newspapers by any means. That I think is the lowest degree of professionalism you can find in the press. On the other hand, I think that we must realize that without having a mafia or an establishment, whatever that means, the number of people who really have the means of expressing themselves is rather small.

I think it is Mr.—what is the name of the

British minister who made a brilliant speech on this about a year and a half ago. . .

**Mr. Fortier:** Wedgwood Benn?

**Mr. Pelletier:** Yes. He was making the point that the poor man in the street or the striker—they don't have the electronic media, they don't have newspapers and they are left with placards walking in front of a building.

In this sense I think that the newspaper plays them up in a certain way and corrects this imbalance of a small number of people also controlling the information media. I think that balanced news will be a struggle to the end of the world, and that there is certainly a better way of balancing things than we are doing now.

I think it is difficult and I think it is a problem, but I strongly believe that most broadcasters and TV people and press people are doing their best to find the balance. But having lived through the problems and having been accused very often of playing up things that were not that important, I can have sympathy for it.

**Senator Smith:** How would you describe the kind of journalism which would permit a night editor to remove the lead paragraph of one of your by-line writers, who has a by-line and who doesn't know that it is taken out until he sees it when he gets his paper delivered first thing in the morning? This is a particular instance I am referring to which has been brought to our attention; it had the effect of recolouring the story, and changing the impression that the average reader would have received from that story. What kind of journalism is that?

**Mr. Pelletier:** Well, it is very bad journalism and the way to correct it—in the two papers that I have worked with on a permanent basis in my life there was in the collective agreement with the newsmen that you had to have their permission to maintain their signature if you changed something. This caused the night desk man to wake him up at four in the morning sometimes, which they didn't particularly like. But otherwise, if any change in the copy was to be made, they had to take the by-line off. I think if you want to maintain any personal character and any sense of integrity in the newsman, such practices are very detrimental. But I think a very simple way of doing it is just that you have a clause in your collective agreement saying that you can't print the signature if you change the copy without the permission of the writer; and if, because of the necessities

of coming out with a newspaper so quickly sometimes, you don't have time to consult the man, or if he is not at home, then you strike the by-line off.

**Senator Smith:** For this reason then, I presume, therefore you are a strong supporter of professional unionism wherever it is possible for them to get in. As you know, there are a great many daily newspapers that have no unions of any kind?

**Mr. Pelletier:** Yes.

**Senator Smith:** Would you describe that as a definite deficiency in this particular area that we were just talking about?

**Mr. Pelletier:** Oh yes, and in many other areas too. I would say that my experience as an editor, although I suffered a strike of seven months—I would say that I couldn't contemplate being the editor of a major newspaper without this.

**Senator Smith:** Thank you very much.

**The Chairman:** Senator Prowse?

**Senator Prowse:** I just have two questions in this area. They are addressed to you, sir, as a newspaperman and not in your position as a minister. The first one is this. We have had suggestions made to us by groups that have come before us that there should be legislation providing the same kind of protection for newspapermen to protect their sources that is presently provided in the law, as you know, between solicitor and client. In other words, a newspaperman should never be required under any circumstances to reveal the sources of his information. Now, on the basis of your experience I am sure you are aware of the new developments that are going on. Would you care to give us any observations you have concerning that particular question?

**The hon. Mr. Pelletier:** Well, I made my personal convictions public a few months ago about this. I can't answer in detail and it is a question that would have to be answered in detail. Let us say, that generally speaking, I am in favour under strict rules of the professional secrecy for journalists being protected. This would have to be under very strict and detailed rules. The possibility of doing just that I don't know because I have studied the subject in other countries, how they handle this, and I have found nothing that satisfied me. But in this discussion I am in the camp of



those who think that if you want to have information that the public is entitled to, at a certain point you have to have professional secrets respected under strict rules.

There is another point which I would like to ask as a rider to this. In some Canadian provinces, the law doesn't give immunity to the newsmen who cover municipal governments which are growing in importance. I think this is very serious and will become more and more serious. Here, for instance, a man can report from the press gallery anything which is said in the house and he can't be sued. Now, if a member gets up and says that so-and-so in Toronto or Vancouver is a liar and a thief, and so on, the man in the press gallery can repeat it, can print it, and he is not liable to be sued.

In some provinces in Canada, municipal councils are not protected in the same way. So it creates a very serious problem for coverage by the newspaper of the municipal councils. I think that we are going towards megalopolistic type of life and I think this is something that eventually every province should be encouraged to correct because I think it is more and more important to cover municipal councils. Otherwise you are very badly stuck with some copy that you know is true and the man comes and says: "I have no protection." You take the risk—tradition is in your favour and I don't think you would be sued. The advice we did receive from lawyers was that we had no protection except precedents, but this is not very comfortable, neither for the reporters nor the editor.

**Mr. Fortier:** It is for the lawyer though!

**Senator Prowse:** The second question is this. You made mention of *Le Monde* and am I correct in recalling that *Le Monde* is the newspaper where the actual working journalists have complete control of it?

**Mr. Pelletier:** Not complete yet. However, they are coming very close to it. If I am not mistaken as the private shareholders die—*Le Monde* is the successor of *Le Temps* and the shareholders are pretty old—the shares are given to the body of newsmen and professional people who are working for *Le Monde*. I think they have effective control right now.

**Senator Prowse:** Right now?

**Mr. Pelletier:** Right now. But before they have the absolute majority of shares, they have a few months to go.

**Senator Prowse:** I have been very intrigued with the suggestion that the way to ensure

professional independence of the professional press—I am thinking of the writers—is that kind of development. Have you seen enough of *Le Monde* to be able to give us a suggestion or give us an opinion as to whether you think the control of that paper by the professional writers has in fact produced a better paper, a better information medium?

**Mr. Pelletier:** There is no doubt in my mind about that, in the case of *Le Monde*.

**Senator Prowse:** Yes.

**Mr. Pelletier:** And it is the only one that I know of. The journalists were very professional and very responsible, but this doesn't mean that any member of the newsroom can do what he wishes. . .

**Senator Prowse:** No.

**Mr. Pelletier:** On the contrary. They will be appointing their own people, but once the man is in power, he is in power and the other owners who are the journalists, as a matter of fact, have to do what he tells them. It is very good. I am told that there is a second case of the same kind in Israel—in Tel Aviv there is a paper which is also run this way and which is also doing a good job. But with *Le Monde*, it is working remarkably well.

**Senator Prowse:** Thank you.

**The Chairman:** Are there other questions in this area in general that anyone has, or should we turn to a discussion of broadcasting? I think we will turn to you, Mr. Fortier?

[Translation]

**Mr. Fortier:** I would still have some questions to ask on the print medium, Mr. Minister. You experienced in Montreal, a few years ago, something which has become very interesting for the members of the Committee, here, and that was the launching of *Le Nouveau Journal* in competition with *La Presse*. In your opinion, what does it require in Canada today, besides money, to launch in a metropolitan centre, such as Montreal or Toronto or Vancouver, a new newspaper?

**Mr. Pelletier:** A daily?

**Mr. Fortier:** Yes, a daily?

**Mr. Pelletier:** Money, I can tell you, it takes 6 million dollars.



**Mr. Fortier:** It takes 6 million dollars. And money was available in the case of *Le Nouveau Journal*?

**Mr. Pelletier:** No. It died because someone gave up at 2½ million dollars. The money was there but Calculations were made as exact as possible with newspaper managers, and the conclusion was reached—and still this goes back to 1961—that at that time it was 6 million dollars if you wanted to establish yourself, if you wished to reach the point where the gap could be bridged.

**Mr. Fortier:** To support the newspaper?

**Mr. Pelletier:** That's right. If you have 6 million dollars to invest to launch a large newspaper—I am talking about something comparable to *La Presse*, the *Globe and Mail*, *Le Soleil*, etc.

**Mr. Fortier:** I agree. In Montreal, that is what *Le Nouveau Journal* wanted.

**Mr. Pelletier:** That is the price. Here, they had 6 million dollars, and in spite of the strong position of *La Presse*, they could have survived because that is what they needed. Their break-even point was at about 135,000 or 140,000 circulation. This cannot be done in less than two years, two years and a half, three years perhaps, and the newspaper was costing at least 2 million dollars per year. This means that there also had to be an amount left at the end in case they did not succeed. It is a major undertaking at the present time unless you benefit from a monopoly position, whose profits are no longer what they once were. Making easy profits in this field has now passed over to television. So, unless you profit from a monopoly situation, it is necessary that you be able to hold out for two years, three years, before breaking even, and this takes an amount of 6 million dollars. In short, I am giving round figures, within \$100,000. But, outside of this, I think that what is needed is good newspaper managers, and I believe this is rather rare. Also professional newspapermen or at least a core of professionals is needed.

I do not know if it is included in your question, but I should like to add in my answer that in my opinion—and it is my personal opinion—I do not know of any universities in Canada yet, and I must say I do not know of any in the United States either, which have really succeeded in setting up a school of journalism which effectively trains newspapermen, and I should like to give the reason.

There are many schools of journalism, but

these are schools which teach a certain technique. There is an advantage, and it lies in savings for newspaper owners, because you have to wait perhaps three or four months at least for the newspaperman to become productive. At the present time, it is the newspapermen in most cases, who pay for the training of journalists. And I think there is a contemporary idea, which I have not yet seen put into practice in any university. This would be an institute of communications which would first give general training in any discipline, because all newspapermen today are specialists whether in political science, pure science, or economic science. You need specialists and very competent people in all these fields in a newspaper. It would add training in communications, and I mean communications, because especially in Canada, I do not believe that the print medium alone offers a sufficient market to justify a school which is solely for newspapermen. But I think that the university which would take the initiative for a communications industry, with a professional specialized training in one of the fields I have mentioned, a more philosophical training as well as the practice of different means of communications, would be justified. There is an employment market if we add to the print medium, broadcasting, public relations, internal communications within governments, within industries, within large industrial companies, etc. You have a large market for which men could be trained very responsibly.

I might add one thing: there would always have to be exceptions for certain types. I have known several in my lifetime who were completely at the peak of their profession, in my opinion, with practically negligible schooling, because there is also the skill of being able to communicate a large part of which is a personal talent, an individual gift, and intuition which is not taught in any university.

**Mr. Fortier:** Does the broadcast journalist in Canada, today, compare favourably or unfavourably with the journalist of the written press?

**Mr. Pelletier:** I do not think I can add much to this subject. If you speak about the quality of men engaged in one or the other, they are often the same.

**Mr. Fortier:** Does one necessarily lead to the other? Do the qualities which make an individual a good journalist in "X" newspaper necessarily make him a good journalist at television station "A"?

**Mr. Pelletier:** If it is a matter of journalists who do not appear on the screen, who practise their profession in the news room, I think that essentially they are the same qualities. When you place the journalist in front of the camera, obviously, here, it takes a certain number of other qualities, which have little to do with training. One of the best editorial writers of a newspaper, for example, if placed before the cameras, could be a very bad commentator on radio or television because he would have faults in diction, or his personality would not come across on the screen.

**Mr. Fortier:** You refused, and rightly I think, to talk of specific newspapers in Canada, a while ago. I would be interested, on the other hand, to hear you tell us what is, in your opinion, the best newspaper outside of Canada, the most complete newspaper which you can read when the opportunity arises?

**Mr. Pelletier:** For a long time I wavered between the *New York Times* and *Le Monde*, and these last few years I decided in favour of *Le Monde*, for several reasons. The journalism industry in North America forces us to produce huge newspapers. When we say that the *New York Times* must publish an index every day, this is not my idea of a newspaper. A newspaper must be something which can be read rapidly. *Le Monde* has avoided that difficulty, firstly because in Europe the tradition is different. Besides this, the advertising rates in newspapers in Europe are much higher than in Canada, because in Europe there was never the mania for department stores to write and to publish a picture of the article, which they want Mrs. so and so of Delorimier Street or Yonge Street to buy.

For all these reasons, I believe that *Le Monde* is superior to the *New York Times* in being better organized, better laid-out, and that there is less need of moving through tons of paper. Obviously I am speaking of the daily *Le Monde*. I also am speaking of the daily *New York Times*.

As for the weekend *New York Times*, it is a kind of interesting monster, but my attitude towards it would be one of great surprise. I shall always recall the cartoon which appeared in the *New Yorker* of a very, very old Soviet translator to whom Stalin was awarding the medal of the Order of Stalin for being the only Russian translator who had succeeded in translating, in its entirety, an issue of the *Sunday New York Times*.

**Mr. Fortier:** When you buy a newspaper, Mr. Minister—and I ask you this question both as a politician and as a man of experience in the

journalistic trade—what is it that you look for first?

**Mr. Pelletier:** Well, here I shall tell you a secret. In the profession I am in, I rarely buy a newspaper, because the Minister's office has someone who buys newspapers, who makes press clippings, and who gives them to you, and when you find a moment during the day, you read them. So I have difficulty in answering this question because it is a bit ready-made, if you will.

**Mr. Fortier:** I shall not let you get away with this so easily. You travel; you are at the airport, let us say, in Vancouver; you go to buy a newspaper—not today, because there is a strike—you decide at the stand to buy a newspaper. What do you first look for? Is it the news, is it the editorial page? What is it?

**Mr. Pelletier:** The first thing that I look for is international and national news, and I am only interested in the editorial afterwards. Essentially, it is for me a means of information.

**Mr. Fortier:** We shall pass to broadcasting.

**Mr. Pelletier:** At this time, are you questioning me as a Minister?

**Mr. Fortier:** I am afraid so. It was on March 7, 1968, that the Broadcasting Act was approved and you are the Minister with the title of Secretary of State. As Secretary of State, you are the Minister responsible to Parliament for this Act. Do you think, Mr. Minister, that the CRTC, the Canadian Radio-Television Commission—it has been operating now for nearly two years—has adequately fulfilled in a general way the mandate which Parliament entrusted to it?

**Mr. Pelletier:** I think it has, and more than adequately. I believe that we did not expect it to do so in this period of time. I am, for my part, very impressed by the task they have accomplished, and with the way in which they got through it.

**Mr. Fortier:** Does it not frighten you a little that the CRTC has become a federal administrative tribunal which exercises such powers and which, from day to day, by its regulations, affects the survival of so many enterprises which are expanding in the field of communications and this, without receiving in a regular manner, any basic directives from Parliament to which in the final analysis it must answer?

**Mr. Pelletier:** My reply briefly is no, because this is the way it was conceived. I think that at the time when the Act was adopted, many



people had expressed the opinion that we needed in Canada a commission for the air waves if we did not wish our broadcasting system to fall either in anarchy or else disappear completely under foreign competition. I believe that Parliament very wisely gave very broad powers to the CRTC, and I believe that these powers were invested in the CRTC because, simply, we believe that in such matters—and for my part I have not changed my ideas—the opinion of a Minister at the executive level, the role, I mean, of a Minister who would have the powers of the CRTC—not only would be very difficult, but would be very dangerous.

**Mr. Fortier:** The Act, in Section 27, provides that the Governor in Council, obviously, through you, can "issue directives to the Commission". If my memory serves me well, I believe you did so on two occasions: first, in March in the matter of dable companies, and also in the matter of educational broadcasting.

**Mr. Pelletier:** Yes, and even on the ownership of the means of distribution.

**Mr. Fortier:** This is it, control by foreign interests. Mr. Juneau, when he appeared before the Committee nearly a month and a half ago, expressed the hope that there would perhaps be an advantage in the Governor in Council, that is, the Cabinet, giving them instructions for the concentration aspect of the right of ownership. Do you have any comments to make to the members of the Committee on this matter?

**Mr. Pelletier:** Yes. It is a matter on which we are working, and I do not say this unthinkingly. There are truly people who are working on this directive, but I do think that the Committee, after what it has heard from the beginning of its hearings, is perfectly aware what difficulties are inherent in the definition of a monopoly in matters of communication. It is a very difficult directive on which to elaborate. But what I wish to emphasize is that very active research is going on already and consultation with people in other countries too, because we are not the only ones to have these problems. We have studied all the laws which we have been able to find. But, the big problem is to define a monopoly in a realistic way, which firstly corresponds to reality, and not to give the CRTC a directive which would be capable of blocking the development of certain groups. We do recognize the need for certain groups even though they have perhaps a paralyzing effect on our whole broadcasting system.

But, this is truly a difficult question not only because it is thorny, but difficult in itself, and I should like to point out for you just one aspect of it. Can you imagine at the present time, a small town in Ontario, for example, where there would be a businessman who would be owner of a radio station, a television station and the only newspaper in the small town?

**Mr. Fortier:** The answer is yes.

**Mr. Pelletier:** Good. And you would not have an effective monopoly of information because there are newspapers from the capital which arrive there every day; because there are six radio stations which are heard there and which people can tune in to; because there are perhaps two or three television stations covering the area. I do not say it is desirable that there be this type of owner, but I say that it cannot be argued that it is a monopoly of information because, the communications field being so vast, a captive audience in Canada is only imaginable in the far North.

**Mr. Fortier:** You plead Mr. Blackburn's case very well.

**Mr. Pelletier:** I do not know him.

**Mr. Fortier:** Because the example which you have given reminds us of the situation which prevails in London, Ontario. I am certain that you did not think of any particular town, but this is the one that comes to my mind.

**Mr. Pelletier:** I was thinking of a particular town, but it was not that one.

**Mr. Fortier:** Mr. Juneau, Chairman of the CRTC, on this problem, confided to us that he and his colleagues took into consideration, when an application for a licence was made to the Commission, the fact that the applicant might be the owner of a newspaper. Is one of the factors that your team takes into consideration at the moment this one, that is, ownership by the broadcasting company of a newspaper?

**Mr. Pelletier:** Yes. We start from a definition of information media which covers the whole range of journalism, weekly magazines, radio stations and television stations. We try to see this as a whole.

**Mr. Fortier:** Does the cartel aspect interest you? Does the monopoly aspect interest you first?



**Mr. Pelletier:** Yes. And also the ownership and distribution aspects of the ownership.

**Mr. Fortier:** Would it be permissible for me to ask this question: is your department doing this study in cooperation with your colleague, Mr. Basford?

**Mr. Pelletier:** Yes, and with Communications as well.

**Mr. Fortier:** With Mr. Kierans?

**Mr. Pelletier:** Yes. I must tell you nevertheless that in spite of the time that has been devoted, the study is pretty far from being completed, precisely because of this complexity of all media, and that we have not yet been able to submit a document to Cabinet, but it should not be delayed much more now.

**Mr. Fortier:** And the results of this study, Mr. Minister, will it be directed to the CRTC's attention?

**Mr. Pelletier:** That is why the study is made, yes.

**Mr. Fortier:** Since it is in progress, I do not wish to go further, even though I would like to. You spoke of Mr. Kierans, a while ago, in answer to a question from the Chairman. I cannot resist the temptation to put this question: are you satisfied that it is the Secretary of State of Canada who must have responsibility to Parliament for the Broadcasting Act, or should it not be rather the Minister of Communications? What is more important, the medium or the message?

**Mr. Pelletier:** First, I don't think the Secretary of State has the responsibility for the medium. I think it's invested in the CRTC. That was discussed at length before the Parliamentary Committee. We even brought over some BBC officials from London when the White Paper was being studied. There were very lengthy and interesting discussions about it—for example about the role in England of the Postmaster General, who has wide responsibilities, whereas the Secretary of State as a Minister, a member of the government, doesn't have any, except to formulate the directives I told you about a while back, for the Cabinet's use, and to serve as a telephone line between Parliament and the CRTC and the CBC.

The Parliamentary Committee was quite aware of having invested those powers in the CRTC, because we learned (and for me it's something new, because I always thought that

there was no such thing at the BBC) at those hearings that the Postmaster General in England can call up the Director of the BBC and say: "I don't want to see that programme on the screen any more". He doesn't often do that, we were told, but he does have that power. Here, we were told generally, both in the Committee and in Parliament, that it was dangerous to leave such powers in the hands of a Minister.

So I would say the medium is in the hands of the CRTC; and I think that the reason the Secretary of State is invested with whatever functions are left in that area is that there is a very important co-ordination role. For example, if for its part each of the institutions like the CBC, the National Film Board or the Film Development Corporation—let's imagine and absurd case—or that all three, without telling us about it, start to make films about the same subject; you're going to have wasted efforts. The CBC isn't there just to provide information. The CBC is at the National Arts Centre. There's a coordination of roles that can not only result in plenty of savings but can also link the agencies closer together, and can help them support one another. That is, in films, the National Film Board may have things to teach the CBC in the area of feature films and the knowledge that has now accumulated at the Canadian Film Development Corporation may be useful for such purchases at the CBC. etc. There is interdependence and all those institutions should live in symbiosis. I'm addressing that word to Mr. Lynch in particular.

**Mr. Fortier:** I've read the article in question. Was it you who wrote the Prime Minister's speech?

**Mr. Pelletier:** No.

**Mr. Fortier:** Some proposals (and I stress the word proposals) of the CRTC would have the effect of preventing some Canadians from having access to the airwaves that most Canadians have access to. Does that trouble you as a Minister?

**Mr. Pelletier:** I'm concerned about it, but I'm also troubled by the conviction that I acquired, when I studied the question and the testimony given before the CRTC, that unless the use of microwave is regulated, the whole broadcasting system in Canada could disappear within five years. Besides, if you look at the domestic legislation in the United States, it is extremely restrictive. It's as restrictive as any of the CRTC's decisions. I think that's part of the Canadian dilemma. It's the Canadian dilemma

in communications and, since both factors trouble me equally, I tell myself that we absolutely have to find a compromise because it would be an absolute catastrophe if there no longer existed a distinctly Canadian broadcasting system.

Now the day an American firm, an industrial firm, without telling a soul in Canada about it, could cross Fifth Avenue, and go and see an American advertising agency across the road and say: "You're going to put me on the Montreal market, the Toronto market, the Vancouver market, the Kamloops market, and the Winnipeg market", we'd be completely short-circuited, and after a short time, there'd no longer be any distinct Canadian broadcasting.

That raises thorny problems: it raises problems first of all for the people who are deprived, at least temporarily; it poses political problems also. I think it's going to take quite a bit of political courage to make wise decisions in that area. But I think also, I'm not losing hope, just the contrary, I hope that I'll see Canadians becoming aware of this danger, becoming aware of the reasons that are making the CRTC act the way it is now, and entering the debate in a positive way, without recriminations as though the CRTC wanted to assassinate people or create injustice.

You know, we've had cases like that in which we've been obliged to carry on. I don't have to tell you that country-wide French-language radio or French-language television is a relatively recent development. I wasn't yet twenty years old when people were complaining in Ontario, Manitoba and the Maritimes about not being able to hear any French. They were deprived for a very long time. At the present time you still have the northern population who not only don't have the American channels, but still don't have any picture on their television sets. There were always inequalities, of necessity, and I'm sure the CRTC wants to remove them, not aggravate them. However, we should know what price we're ready to pay for that. I can't go into the details. But one thing is sure and that's that an attitude on the part of the CRTC that permitted the destruction of the Canadian broadcasting system would be a betrayal by the CRTC of its own mandate. So it has to do some tight-rope walking and I don't envy it. I think that's what it's doing right now with plenty of consultation; it's ready to listen to everybody. Canadians are increasingly aware that they can come and make representations to it. I think that once the shock is over, the initial shock, I think that when everybody is able to realize what's at stake, we'll have much less clear-cut opinions than those we are hearing at the present time.

**Mr. Fortier:** You talk about the price that will have to be paid to prevent that destruction. Is it your opinion that the price has to be paid by both the private interests in the broadcasting field and the CBC?

**Mr. Pelletier:** Look, for my part, the distinction you make in your question between private interests and public interests appears to me a bit fallacious. If it's through my income tax that I'm paying for the CBC stations, it's through the deterrents that my wife buys every week that I pay for the private stations, but in any case I pay for both. That's one thing perhaps that Canadians should be a little more aware of. We hear some rather sharp criticism of the CBC, some of it true, some not. We don't hear much about the private networks, when Canadians certainly pay for both. I think there's one broadcasting system in Canada as I see it and. . .

**Mr. Fortier:** That's what the Act says?

**Mr. Pelletier:** That's what the Act says. There's one part composed of private interests and the other is a Crown Corporation. But they shouldn't say, for example, just because they're a private station, that they have no responsibility to the public, because a private station nevertheless has the use of a wavelength that is the property of the people of Canada, and the station is accountable to the people of Canada for what it does with it.

**Mr. Fortier:** And the people of Canada are represented today by the CRTC?

**Mr. Pelletier:** That's the philosophy behind the Act.

**Mr. Fortier:** Do you advocate a larger commercial role for the CBC?

**Mr. Pelletier:** Larger, no.

**Mr. Fortier:** Reduced, smaller?

**Mr. Pelletier:** There you are asking a question in which I see all kinds of problems. That's because in a period of government austerity, there is obviously no question of telling the CBC to give up the some \$30,000,000 or \$40,000,000 in commercial advertising revenue, and then reducing operations by that much. Let's say that my own thinking on the matter is pretty well reflected in the second Fowler Report, but economic considerations enter into the matter, especially in these years.

**Mr. Fortier:** Yesterday we heard, right before this Committee, the representatives of ACTRA saying that Parliament had imposed on the CBC the obligation to go hunting for \$40,000,000, to hunt for about one fifth of its budget in



advertising. Do you agree that under the present policy, Parliament is compelling the CBC to cover a fifth of its budget through advertising?

**Mr. Pelletier:** Parliament certainly doesn't compel it specifically.

**Mr. Fortier:** I haven't found it anywhere, but we were interested.

**Mr. Pelletier:** Certainly not specifically. If the CBC sets its annual budget at \$200,000,000 and Parliament votes it \$160,000,000 or \$166,000,000, of course, the CBC has to look for what it needs to make up the difference at the commercial end, but I wouldn't know whether if the Corporation decided to reduce its services, and give up advertising, I can't say it would be a wise decision and that you wouldn't hear even bigger debates than what you have heard until now. That, I think, would be a decision that the Corporation might make.

**Mr. Fortier:** Surely you agree that such a decision could be imposed on it by Parliament?

**Mr. Pelletier:** Yes.

**Mr. Fortier:** But can't you see that?

**Mr. Pelletier:** It means that Parliament couldn't say: "Go hunt for \$40,000,000", because Parliament doesn't know that the Corporation could hunt up \$40,000,000.

**Mr. Fortier:** I understand. But Parliament could say "through advertising on the CBC radio network stations"?

**Mr. Pelletier:** Yes. Only Parliament could say that.

**Mr. Fortier:** From your present point of view, that is undesirable, is that right?

**Mr. Pelletier:** I think that not only is it undesirable, but it is impossible until there is a relaxation of budget restrictions.

**Mr. Fortier:** The Broadcasting Act, in section 2, imposes what the legislators called Broadcasting Policy for Canada and in subsection (g) we read:

**Mr. Pelletier:** What section is that?

**Mr. Fortier:** Section 2, subsection (g):

"That the national broadcasting service should" (that's the Canadian Broadcasting Corporation) "contribute to the development of national unity" and "provide for a continuing expression of Canadian identity." Why was this obligation imposed only on the national broadcasting service instead of on the whole Canadian broadcasting system?

**Mr. Pelletier:** That's a question I've asked myself. And I'm not sure I've found the answer. I think it's implicit that we could argue that the same thing should apply for the stations in the private sector.

**Mr. Fortier:** That's what Mr. Juneau told us.

**Mr. Pelletier:** Although that isn't specified here. But what I'm thinking and what I can tell you is to "provide for a continuing expression of Canadian identity" was meant to show that "to contribute to the development of national unity" was not just a business of propaganda. That means (and you have to read both parts of the sentence together) that at the time the Act was voted on in Parliament, an extremely difficult semantic argument arose because "exprimer constamment la réalité canadienne" doesn't seem easy to translate, and in any case it wasn't translated.

**Mr. Fortier:** Provide for a continuing expression of Canadian identity?"

**Mr. Pelletier:** It's not an adequate translation and for my part, in this case I much prefer the French, because it reflects the honesty of information and the complete information side which should be the philosophy of the CBC and of all broadcasting for that matter.

**Mr. Fortier:** If there were a way of doing that constitutionally, would you advocate such an obligation for the written press also?

**Mr. Pelletier:** I think the written press should have that obligation. I don't know whether there is any legal way of legislating responsibilities like that because when you pass laws, you have to be able to check. That's where my old newspaperman's instincts are awakened, and I would wonder who is going to check the written press. But I think that such an obligation does exist in any social philosophy, and certainly in the social philosophy that is the Canadian consensus. And I think that newspapers that think they are exempt from such responsibilities are betraying their mandate.

**Mr. Fortier:** Section 22 of the Act provides that:

"(1) No broadcasting licence shall be issued, amended or renewed pursuant to this part,

(a) in contravention of any direction to the Commission issued by the Governor in Council "

that is by you, by the Cabinet.

I have often asked myself this question: "Why is there no mention of refusal of a broad-



casting licence by the CRTC?" They mention only issuance, amendment or renewal, and not refusal.

**Mr. Pelletier:** I think the lawmakers took care to drive out of the government's mind any temptation to go to the CRTC and say: "You have refused one of my friends a broadcasting license, will you please reconsider the matter?" And for my part, I am very happy that it doesn't appear, because people come to see us, and if they could apply to the Cabinet to have a refusal reconsidered, I think it would be very hard to persuade Parliament that the Cabinet is going to take such a decision without any kind of recourse. Right. While on the positive side it makes it possible for the Cabinet to say, for example, if it appears to us that the CRTC has without reason refused, no, not refused, but granted, or has granted in an irresponsible manner, a permit to someone I think that the Cabinet can ask the CRTC to review its decision, and that's good. But, for my part, I think it's a wise thing that the word "refusal" isn't there.

**Mr. Fortier:** Have you had any occasion to do so until today?

**Mr. Pelletier:** No, not as long as I have been Secretary of State, in any case. I don't think it was done before either. Parliament asked us, that is a certain member of Parliament asked us to tell the CRTC to review its refusal to renew the licence of a certain station; the matter is before the Supreme Court at the moment. I answered in the House that the Act did not give us the right.

**Mr. Fortier:** In the case of the Canadian Broadcasting Corporation, on the other hand, we note in section 17 of the Act, that if a condition is attached to a permit, a licence issued by the CRTC, the Corporation can go to you and say:

"Can you please review or consider this condition." And I quote:

"The Corporation may refer the condition to the Minister for consideration, and the Minister, after consultation with the Commission and the Corporation, may give to the Executive Committee a written directive and the Executive Committee shall comply with such a directive."

That's how it is with the CBC?

**Mr. Pelletier:** Yes. That, I think, is because the government supervises the budget of the Canadian Broadcasting Corporation.

**Mr. Fortier:** You think it's a question of dollars and cents?

**Mr. Pelletier:** Well, that's what comes to me first, at any rate. For example, if the CRTC were to say: "You, the Canadian Broadcasting Corporation, must develop 40 stations in the Canadian North because we, the CRTC, think the neglected people up there should have them," at the present time, that would cost close to \$4,000,000. That's quite a decision. The CBC would have to come to back us and say: "Listen, can't they reconsider that or else spread it over several years?" That's the first idea that comes to me. And there again, it seems nearly indispensable to have a clause of that kind.

The other reason is that the Canadian Broadcasting Corporation is a creature of Parliament, and in this Act we never tried to ignore that fact. The CBC deserves special consideration from Parliament and the public authorities, since it is their child.

**Mr. Fortier:** This question should not perhaps be put to you as a Minister, and I put it to you as a television viewer. Do you think that one of the CRTC's recent proposals, which was debated at length at its hearings last week and this week, about Canadian content, is good?

**Mr. Pelletier:** Yes.

**Mr. Fortier:** Considering your long experience in the profession, do you think it can be carried out?

**Mr. Pelletier:** Yes, I think it can be done.

**Mr. Fortier:** Obviously in French Canada, as several Committee witnesses in succession have told us, it causes no problems. Do you think that in English Canada on the other hand, it can cause serious problems for broadcasters?

**Mr. Pelletier:** I don't know the particulars well enough. Besides, I don't know what the final result will be. I can say that I am personally in agreement with the general orientation and for my part, I never talk in terms of Canadian content; I talk in terms of foreign content. Which is another way of putting the question.

**Mr. Fortier:** The figures are smaller?

**Mr. Pelletier:** The general orientation of this proposal is still not set, and I can say that I am in agreement, but I think that plenty of people imagine that it is much more difficult and demanding than in fact it is. For example, people would say for music: "Canadian compositions, a third, what are you going to do?" Until you explain to them that you can play Beethoven's 9th that's going to last maybe 40

minutes, and if you play a piece of Canadian music, a minute and a half, and then play two 20-minute symphonies, you have a third. No, you play one more of 20 minutes, and you have a third. It's not a question of time in those limits, since the criticism has been made. Once people know that, they realize that production in Canada, French or English, is perfectly sufficient to meet these standards. Now, before answering your question, I'd like to have the time to give a personal opinion, to read more thoroughly all the testimony that has been given. Let's say that this general orientation of the CRTC's proposal seems to be in the direction indicated by the Act.

**Mr. Fortier:** I agree. I am going to confine myself to the CRTC's orientation. The CRTC is suggesting at this time, to use your words, a "foreign content" of 40 per cent. If the foreign content suggested should go to 40 per cent, to 30, 20, 10 and finally we exceed the Canadian content, the compulsory Canadian content of 100 per cent, do you think that would be in the direction of the Act?

**Mr. Pelletier:** No, I think that would be shutting yourself up completely in exaggerated chauvinism. I think that would be quite unrealistic. There isn't a broadcasting chain in the world that has regulations like that.

**Mr. Fortier:** You realize that you have to talk about percentage?

**Mr. Pelletier:** Yes, I realize that Canada must be a country that keeps its windows open. Only it mustn't be a barn through which any old wind blows.

**Mr. Fortier:** On this note, Mr. Minister, I thank you.

[Text]

**The Chairman:** Do any other Senators have questions in this area? Senator Quart?

**Senator Quart:** I am going to begin, Mr. Minister and Mr. Chairman, by adopting the technique that you can catch more men with honey than vinegar. I am beginning by giving you a compliment but I have a point later on, which is not quite so complimentary.

**Senator Smith:** Watch it!

**Senator Quart:** Well, to begin with I think the CBO radio is excellent as well as the television and I think the news coverage is excellent. You don't have to answer this if you don't want to

**Mr. Pelletier:** That was the gravy—now comes the fish!

**Senator Quart:** Well, Mr. Minister, I don't want you to think that I am a person that is scrupulous and all the rest of it—I had better get on with what I started and stop rambling—but to begin with when our now Senator Lamontagne was Secrétaire d'État—a group of women across Canada, (and I believe the Chairman did see some of these beautifully bound books) circulated a petition to clean up television—a television clean-up campaign. I believe there were about 70,000 signatures.

Well, coming back to this we still receive letters from different ones, and so on and so forth, for our TV clean-up campaign, particularly asking for objectionable programs to be put on at a later hour than when you have the young people as an audience. I myself have mentioned this frequently to different groups and to Mr. Davidson who I have known over the years—I like him very much, I think he is wonderful—but at the same time I have told him this, that when complaints go in to the CBC—are they not swept under the rug a bit? I have told him publicly and many others that the very best thing to do was to write to the minister.

**Mr. Pelletier:** Ah, that is why!

**Senator Quart:** Oh, that really isn't nearly the number that we would have sent you if we ever got in. I think it has been much better and the Chairman of our Mass Media Committee did suggest, or at one time did give me a name to call. The gentleman was most co-operative, and he used to call me back and say: "Won't you please look at this program—as Mère Supérieure of that group—and I am not the Mère Supérieure type—would you please alert them and get them to watch this programme." Well, that worked beautifully and now we have sort of forgotten about it. But I think really people are getting used to four letter words and all these sex programmes, and I think now we sort of accept a lot of the permissiveness that maybe five years ago wasn't exactly old hat. However, to come back to this, I have said to many groups: "Don't bother writing to the CBC—maybe it will never reach the President—write to the Minister."

This very morning I received a call—I haven't had time to answer it—about something that was said on the Max Ferguson show. I like Max Ferguson very much, but evidently he or someone on his programme did make some remark about some former Prime Ministers of Canada, but apparently it wasn't too complimentary, whatever they said.

As I said, I didn't have time to listen to it. . .



**The Chairman:** Was it on this morning's programme.

**Senator Quart:** I beg your pardon, Mr. Chairman?

**The Chairman:** Was this on this morning's programme?

**Senator Quart:** Yes.

**Senator Smith:** Was it obscene?

**Senator Quart:** Was it obscene?

**Senator Smith:** Yes, was this remark obscene?

**Senator Quart:** I don't think so. I don't know what it was about because I didn't have time to listen.

**Senator Prowse:** Yesterday morning he played a record which I think surprised him before it was finished.

**Senator Quart:** However, what do you do with the letters that you receive on your desk?

**Senator Prowse:** Don't tell her!

**Senator Quart:** I mean the complaint letters and not the love letters!

**Mr. Pelletier:** It means that you have never written one to me

**Senator Quart:** No, I have never written to you.

**Mr. Pelletier:** That is right, because you would then know what I do with them. I answer the complainant and I say, "You realize that the responsibility of the Minister is not one of censorship, or that he has no part in the programming. He is just a go-between between the Parliament and the CBC and I am forwarding your remarks to the Corporation and I would ask them to make a report to me and to contact you directly as well." I receive a number of those letters and I get the report of the CBC and the people get what the CBC has to tell them as well.

Now, the CBC is a huge organization and I don't know with what dispatch they can answer these things, but as far as I know they answer these things fairly quickly. But the responsibility of the Minister is not engaged here. If, for instance, there were some monitoring to be done—let's examine these areas about something illegal taking place on a CBC station or a private station—it would be for the

CRTC to monitor. All I can do is sympathize with the persons who write to me and hand it over to the CBC for their answer.

You would note in the House of Commons that I never take the CBC answers as mine. I always say the CBC gives me the following answer, and then I proceed to read what they give to me. I read it before to make sure that they don't make me say anything that would obviously be false, but really, my predecessor described herself before the Broadcasting Committee that I was chairing at the time, as a conduit pipe between Parliament and the CBC and nothing else. I think it is an apt description because all the Minister can do, of course, is have regular meetings with the CBC officials and talk about their problems with them so that he can understand what he is talking about when he answers Parliament, but he hasn't got any power to give any directive to them.

**Senator Quart:** Well, I am sure you haven't received nearly the number of letters that Senator Lamontagne did at the time because things seemingly have quietened down. People have accepted permissiveness, I think, a little more and just pray for the best. But at the same time—this is a very unfair question and since the Mass Media Committee is just about over I won't be running the risk of being told to get off the Committee. Supposing now you were talking with well, let's say Mr. George Davidson and your wife probably had seen a programme that was thoroughly objectionable at 7.30 in the evening, or something of this kind. Would you whisper in his ear a little bit and say "Well, don't you think you could do something about this—and put it on at 11.00 p.m. or after the news, or something, so that the adult listener might enjoy it"?

**Senator Prowse:** The adult listener has gone to bed by that time!

**Senator Quart:** I would take that back. I am sure you wouldn't.

**The Chairman:** Mr. Minister, do you have any comment on that?

**Mr. Pelletier:** Well, the only comment I have is that of course I work with these men and I exchange impressions with them and they don't take objections to it. I would like to just interject here that when the BBC people visited us, they told us of an incident which is, I think, very relevant. The authorities of the BBC had ruled out a programme so the film was shelved—it was just put on a shelf. Three years later the producer of this programme—only three years—went to the authority and



said: "Would you have a second look at it?" And they said "Of course we will but don't think we will change our decision, but let's have a second look." And they confessed—they revised their decision and couldn't even find in their own minds why they had objected to it three years previously—so rapid even in Britain is the change going. And the CBC is in a very difficult position, I would like to say. For instance, censors in all the provinces all play the same game. For instance they say this film is good for Toronto but not for Renfrew, or it is good for Montreal but not St-Zénon, but the CBC can't do that. The menu is the same no matter where it is played.

**Mr. Fortier:** Maybe they would accept "This Hour Has Seven Days" now in 1970!

**Senator Quart:** Oh, yes.

**The Chairman:** I believe Senator Smith has the final question.

**Senator Smith:** Thank you, Mr. Chairman. This really should have been a supplementary question because the subject was discussed by Mr. Fortier some time ago but the translation at that moment was a little slow and I couldn't interrupt. It has to do with the commercial policy of the CBC.

We have had several representations by witnesses in recent days about the unfairness in the rate structure of the CBC in charging on the same basis for time which presents a very serious problem to the private broadcaster. I am sure this is nothing new to you, but would you like to comment on that?

**Mr. Pelletier:** Well, surprisingly enough, it is new to me. It is the first time I have heard this complaint in such a specific way.

**Senator Smith:** They gave us figures.

**Mr. Pelletier:** For my own satisfaction I would like to look at the figures and see what it is all about. It has been the contention of many private stations over a long, long period that the CBC's overhead was not taken account of, and so on and so forth, which didn't impress me too much at the time because the CBC also has disadvantages on the market. They have to cater to parts of the population that the private stations won't even touch, but I must say that I am not aware of what the rates are right now, or what the differences are, or what the rationale of the CBC is for establishing their rates at that level. I am not competent to talk about this today.

**Senator Smith:** I am sure the industry would be very pleased to learn that you are going to

undertake to take a look at it yourself and perhaps it would be the subject of discussion at one of the meetings that you may have with the management of the CBC.

**Mr. Pelletier:** Informally.

**The Chairman:** Well, Mr. Minister, on behalf of the Committee I would certainly like to express our appreciation for your candor and your frankness and for answering questions in both of your capacities, that is as a former journalist and a concerned citizen, and more particularly, of course, as a Minister of the Crown. I may say very frankly that your answers have been most helpful to us in developing the kind of perspective which I think the Committee needs and is gradually acquiring.

I am sure the members of the Committee will agree with me when I say that you have been a particularly fitting and appropriate witness to close out this series of public hearings which began on the 9th of December. My own closing remarks will be very brief and very much to the point.

Senators and others might be interested to know that in the course of the hearings we have heard from 125 witnesses at 90 sessions on 43 sitting days. The Committee has received from these witnesses 110 briefs. As well as these 110 briefs from our 125 witnesses we have also received a series of written briefs from the media. These are from publishers and broadcasters who did not actually appear before the Committee. We have 32 from daily newspapers and broadcasters, 18 from weekly newspaper publishers and 24 from farm and ethnic publishers.

In the non-media area, because we have heard from many non-media people, we have written briefs from fourteen groups and associations and we received 22 individual written briefs.

Now, none of the material I have been talking about should be confused with the research briefs which the Committee has in hand or, for that matter, with the quite literally hundreds of letters they have received and are continuing to receive from individual citizens.

This is a three phase study. The first two stages, the research phase and the public hearing phase are now virtually complete. I say virtually although there are still one or two miscellaneous matters to deal with in each area—that is in the hearing area and in the research area. In the hearing area I do not anticipate any more public meetings, but I do not want to close the door—some may be necessary. Mr. Fortier, our counsel, tells me that there is even a legal phrase that suits the situation, but I have forgotten what it is.

**Mr. Fortier:** It was late last night Mr. Chairman! The meetings are adjourned *sine die*.

**The Chairman:** Thank you.

As far as research is concerned we are still in the process of completing several of our special projects and I might say that we have arranged to meet a representative cross-section of the working press in a series of informal in camera off-the-record sessions.

I do want to take this opportunity, however, to thank the publishers and the broadcasters, and the others who have displayed great interest, and I think who have co-operated fully with this Committee. I may say through the press to the publishers and broadcasters and others who have been interested in this Committee, that we would continue to welcome any briefs or any afterthoughts that they may have as we close these public hearings. I should also

say that we would continue to welcome comments from the public who, after all, are the consumers of the mass media.

We are well aware that we are now entering as a Committee the third and most difficult phase of our work, and that is the deliberative and report-writing phase of our activity. While I am confident—and I know I am speaking for members of the Committee—while we are confident that we have the matter well in hand, I would not want anyone to think that we minimize the task which is in front of us.

My final words must of course be to express my appreciation to my Senatorial colleagues on the Committee, to the Committee staff and to the Senate staff.

This meeting is adjourned. Thank you very much.

The Committee adjourned.

















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